

CONFERENCE PROCEEDINGS



Cuba and Lessons from Other Communist Transitions

A Workshop Report

Edward Gonzalez and Thomas S. Szayna

National Security Research Division



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PREFACE

RAND organized and convened a workshop on "Cuba and Communist Transitions" at its office in Washington, D.C. on May 6-7, 1998. The purpose of the workshop was to identify the commonalties and differences in communist transitions in Europe and Asia, draw lessons from them, and apply them in a comparative fashion to Cuba. The workshop brought together scholars of comparative politics and specialists on Cuba, the former Soviet Union, Eastern Europe, China, and Vietnam. The workshop was part of a long-standing and continuing research program at RAND on Cuba and other communist states. The work was conducted in RAND's National Security Research Division.

This report provides an analytical summary of the workshop proceedings and the conceptual framework for thinking about a potential transition in Cuba that was developed at the workshop. This report should be of interest to analysts of Cuban affairs and scholars of transitions from communism.

The authors welcome further dialogue on the topic of potential change in Cuba from a comparative perspective. Comments regarding observations contained in the report should be directed to the authors:

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SUMMARY

Based on comparative lessons from other transitions from communism, the process of reform in Leninist societies may be divided into two main stages:

- the onset of reform;
- the sustaining and deepening of the reform process.

The first stage may be marked initially by "tinkering" type measures that do not alter significantly the power of the party and the state, but which may be followed by deeper structural reforms that begin to change the political and economic character of the system. Once the initial stage is passed without triggering a popular revolution, then the reforms need to be sustained and deepened. As they become more structural in nature, they may lead toward a complete transition away from command economy and monopoly on political power--the twin pillars of Leninist communist regimes, upheld by actual or threatened repression. However, what is important is the movement and direction of the reform process; the end point may not necessarily be some kind of a replica of a Western democratic system.

A Framework for Thinking about Systemic Change

The onset of reforms can be considered analytically in terms of three main categories: *structural preconditions*, *accelerators*, and *leadership*. Structural preconditions consist of at least four elements:

- a prolonged period of economic decline;
- social decay;
- widening technological gap with competitors, and;
- increasing information flows.

Accelerators include the following:

- unanticipated external shocks;
- technological advances that threaten the regime's hold on power, and;
- signs of weakness of the regime (ranging from popular disturbances, rise of civil society actors, or open criticism from within, combined with a weak regime response to such events).

The leadership category consists of:

- the demise of the revolutionary-era leadership and, in particular, the "Great Leader";
- an explicit recognition of adverse trends that need to be arrested or reversed and a realization that long-standing "muddling-through" policies no longer suffice;
- the ascendancy of a leader with a liberalizing but non-radical agenda and the formation of a new coalition around the new leader, and;
- the support (or at least the neutrality) of the security apparatus for the reformist coalition.

Because of the centralization of power in Leninist regimes, the leadership category is the most important. Without the recognition by the Leninist elite that substantial changes are needed, the structural preconditions and accelerators amount to necessary but not sufficient conditions for the reform process to begin.

Once the first stage of reform is in place, the process can easily falter for any number of reasons, ranging from the regime's reimposition of control to failure of the reform process to show adequate evidence of success. At least the following elements appear necessary to continue the reform process, deepening its scope and widening its breadth:

- initial success of the reforms in breaking and reversing at least some of the adverse trends;
- evidence of success of the reforms at the popular level, leading to popular support for the reformist leadership, the emergence of supportive civil society actors, and support from the intelligentsia;
- successful consolidation of power by the reformist leader;
- growing engagement and increased information links with the capitalist world;
- benign external environment, so as to ease some of the fears of the security apparatus;
- accrual of benefits to the military;
- successful management of social tensions accompanying the reforms;

- justification of the reform process in terms of a viable "national project."

The elements listed above do not guarantee the success of the transition process but they appear necessary for its unfolding. Most or all of the elements listed above were important (to varying extent, depending on the country) in influencing the transitions in China, the USSR, and Vietnam. Many were also important in the East European transitions, though the dependent nature of these regimes on the USSR prevents the treatment of those cases in the same league as the countries that went through an indigenous--rather than foreign-imposed--revolution.

Cuba in a Comparative Perspective

There are many differences between Cuba and countries that have at least begun the process of transition from communism. But despite many of its *sui generis* characteristics, Cuba has not been entirely immune to the same structural forces, and economic, political and social outcomes, that preceded the demise or transition of other communist states. Moreover, some of the differences that characterize Cuba today appear due to the variable of time:

- Most of the underlying economic, social, and political forces of change in the former Soviet Union, China, Vietnam, and Eastern Europe took decades to develop, and then accelerated in the 1980s.
- In Cuba, such forces for system change for the most part have been at play only since 1991, including the economic crisis, and Cuba still awaits the departure of its "great leader."

Indeed, the process of system change hinges most of all on Castro's passing, after which change toward system transformation or breakdown is certain to be accelerated.

Put in terms of the two stages of reform (the onset and the sustaining stage), Cuba currently remains in the onset stage in which liberalizing reforms still remain largely in an off mode, and it does not approach the level of reforms attained in the Soviet Union under Gorbachev. Most probably, it will have to await Castro's departure before it can move to the sustaining stage, if at all, which characterizes present-day China and Vietnam. The initial reforms that

began to liberalize the Cuban economy have been stalled since the mid-1990s.

Applying the Framework to Cuba

All of the pre-conditions are present in Cuba, though their intensity varies, depending on the category. There is little doubt that, despite the limited success of the tinkering type of reform measures, the Cuban economy remains in dire straits and any number of factors, ranging from a drop in world price of sugar to continued foreign exchange problems, could lead to a crisis, potentially contributing to a new round of reforms. The economic problems have led or contributed to a whole host of social problems, decay of the Cuban military, and increased vulnerability to information flows.

Change accelerators are difficult to predict but they can be anticipated. In terms of external shocks to which the Cuban regime is vulnerable, a partial list includes: a drop in price of the major Cuban export commodities (sugar and nickel), natural disaster striking Cuba, end of the U.S. embargo, the accession of a new hard-line U.S. President, provocative acts by the exile community, or renewed international isolation. The impact of the information revolution on Cuba remains an unknown but it has the potential to affect the island as no other means of information technology has done previously. Finally, if the regime were to demonstrate weakness or a lack of resolve in dealing with criticism or opposition, then a potential "run on the bank" against the government, or at least emboldening of the opposition, might ensue.

Neither the structural preconditions nor the change accelerators are sufficient to bring about change. Ultimately, it is the leadership and its policy responses to the preconditions and accelerators that determine whether there will be reform and system change or breakdown. In this respect, what distinguishes Cuba from the other communist states is that the "great leader," the charismatic, founding father of the revolution, is still very much present and ultimately has the last say on all major policy questions. Hence, as long as Fidel Castro is around, little in the way of real system change can be expected because such a change would signify a complete negation of everything for which he has stood for and tried to advance.

Were Castro to depart the scene, however, then the equation would be altered dramatically and we can anticipate that a post-Castro government in Cuba will begin to move from strict regime maintenance to regime change because Castro's absence would create a succession crisis and introduce a new dynamic as leaders vie for power. This does not in itself mean that reformers will succeed Castro but it does open up the possibilities for charting a new course in Cuba.

In any event, if Castro were to depart due to natural causes, a commitment to radical change by the new leadership is not likely to be immediately visible because of the need to honor and preserve "Fidel's legacy" in order to disarm the more orthodox, hard-line opponents. Hence, as occurred in other communist transitions, any reformist agenda will be concealed under a more moderate public program. Indicators of deeper change would include: a shift in the institutional balance of forces (with, for example, the military or the National Assembly becoming more important), the emergence of new second-tier leaders in the ministries, a growth in factionalism within the PCC, the emergence of policy debates in public media, and the enactment of constitutional changes.

Even with all of the above in place, change would remain reversible. Sustaining and deepening the reforms would depend on success of the reforms and consolidation of power by the reformers. A communist reformist leadership will have a difficult path ahead in sustaining and deepening the reform process even under the best of circumstances. Poor leadership and policy miscalculations on the part of the new Cuban government, along with such uncontrolled external variables as the U.S. and international policy responses, could lead to the reformist communist government's undoing and perhaps to a worse outcome for Cuba and its neighbors. These outcomes could include the collapse and discrediting of reform and a reversion to a worse form of authoritarianism.

ACKNOWLEDGEMENTS

The authors are grateful to all of the participants and guests at the workshop. The workshop would not have been successful without their active participation. Nurith Bernstein-Rosales took notes and put together an initial summary of the workshop.

I. INTRODUCTION

Compared to most of its erstwhile communist allies, Cuba today remains largely *sui generis*. Cuba experienced an indigenous revolution led by a charismatic leader, it was rapidly transformed into a communist state well before a ruling communist party was formed, and it has withstood the active efforts of the nearby United States to destroy, destabilize and isolate its government. In contrast to the Eastern bloc and the Soviet Union, communist Cuba has outlived its former sponsors. It continues to survive by opening up its economy to foreign investors and tourists, a development that has led to drawing of some parallels with the less extensive transitions in eastern Asia that are concentrated at the economic level. Yet, Cuba differs significantly from China and Vietnam because the two Asian states have adopted far deeper market-type reforms under their respective formulas of "market-Leninism."

Despite these differences, Cuba is subject to many of the same kinds of forces that led other communist states to undergo reform, systemic change, or breakdown, starting as early as the 1970s. As in those states, Cuba has experienced a severe economic contraction since 1989. The Castro regime has survived thus far, in large part because of hard currency generated by foreign tourism, foreign investments (concentrated in hotels, oil, and mining sectors), and remittances from abroad, but the outlook for the economy is mixed, at best. As with other communist states, Cuba may be approaching the point where more fundamental system change must occur if the economy is to grow and develop on a sustained basis.

Meanwhile, as occurred in most of the other former communist states, Cuba is undergoing additional political and social strains:

- Marxism-Leninism no longer serves as an ideological lodestar that provides a vision for or practical guide to Cuba's future;
- The Communist Party's political legitimacy has eroded owing to the severity of the economic crisis and the disappearance of the Soviet Union and communism worldwide;

- The social compact with the populace, whereby the state provides basic "public goods," jobs, and a minimum standard of living, is largely going unfulfilled due to high unemployment, a devalued peso, growing class inequities, and deteriorating public health and medical care;
- Social tensions remain high because of recurrent shortages in fuel, electricity, food, and basic consumer goods;
- Corruption within the regime, and amongst society at large, has become commonplace, and;
- Dissident and opposition circles have emerged, as has an incipient civil society.

Buffeted by these political and social changes, the state has had to rely more than ever on its security apparatus and on employment of selective repression against dissident elements in society.

Other communist states had experienced similar types of problems that Cuba is currently experiencing. The various communist regimes reacted in a variety of ways to these problems. Some retained a tight control over the political realm while relaxing the hold over the economic sphere. Others attempted to negotiate a compromise and a "soft landing" in an attempt to give themselves a measure of influence in a mixed post-communist system. Still others were simply swept away in a violent revolution. Each of the previous communist transitions has the potential to shed some light on the likely choices the Cuban regime might make as it continues to adjust to a post-Cold War and post-communist world. And the choices the regime makes are likely to determine the longevity of the present system and the type of collapse (if at all) of the present regime in Cuba.

Signs of the Cuban regime's adaptation to the post-communist world, combined with Fidel Castro's increasing age and the growing likelihood of his departure from the political scene, provided the rationale for a RAND workshop on "Cuba and Communist Transitions," held on May 6-7, 1998 at the RAND office in Washington, D.C. Keeping in mind the sometimes substantial differences between Cuba and the other communist states, the workshop attempted to identify the common patterns and specific country deviations in communist transitions so as to determine the lessons to be learned from the experiences of other communist transitions that are

relevant to Cuba. Specifically, the workshop tried to identify those forces, processes, and actors at work in other communist states that could shed light on the probable evolution in Cuba. Other analytical efforts have attempted to explain the Cuban communist regime's resilience from a comparative perspective¹ but the workshop represented a rare effort to bring together scholars and analysts who generally do not interact with each other.

The comparative cases examined included the USSR, the northern tier of Eastern Europe (the German Democratic Republic, Czechoslovakia, Poland, and Hungary), the southern tier of Eastern Europe (Romania, Bulgaria, Yugoslavia, Albania), China, and Vietnam. All of these countries have gone through at least the initial transition process. While the long-term end point of these transitions remains uncertain in some cases, all of the cases offer potentially valuable lessons for anticipating the future path in Cuba. The comparative cases had a wide and inclusive breadth, as only Mongolia and North Korea were not examined in some depth (though, in respect to North Korea, there has been little evidence of a transition so far). Other cases of transitions from communism (Nicaragua, Afghanistan, Angola, Mozambique) are methodologically problematic, since none of the other countries can be said to have had a consolidated communist regime.²

Based on the comparative cases, the workshop participants examined the role of individual leaders and elites inside and outside the regime in fostering system change. They paid particular attention to the role of specific institutions, such as the communist party, the military, the intelligence and security apparatus inside the regime, or the Church and other civil society actors outside, in promoting or hindering change.

¹ Some of the other efforts include: Andreas Pickel, "Is Cuba Different? Regime Stability, Social Change, and the Problem of Reform Strategy," *Communist and Post-Communist Studies*, 31:1, 1998, pp. 75-90; Michael Radu, *Collapse or Decay? Cuba and the East European Transitions from Communism*, Miami and Washington, D.C.: Cuban American National Foundation, 1997.

² Regime transitions from communist rule are a subset of the larger transitions from authoritarian rule. The workshop focused only on transitions from communist rule because of the distinctiveness of these regimes and the aim of the workshop to provide as specific indicators of potential change in Cuba as possible. But the larger framework of transitions from authoritarian rule was implicit in the workshop discussions.

Assessing the role of outside influences in shaping the transition rounded out the comparative look at other cases. Since the workshop had a practical orientation, the discussions focused on early warning indicators of impending systemic change or instability as reflected in certain political, economic, and social variables.

The workshop consisted of two main sessions. The first session was devoted to identifying in a conceptual manner the processes that led to the transitions in the comparative cases. Specialists on specific countries or regions applied a general framework of political change, developed by the authors of this report, to their cases. Then, based on the findings concerning the individual country transitions, the workshop participants attempted to develop an analytic framework that highlighted the process of system change (and its determinants) in communist societies. The second session applied the developed framework to Cuba, as the workshop participants assessed the applicability of the identified determinants. A focus on early warning indicators of specific transition paths dominated the discussions.

This report is an analytical summary of the proceedings of the workshop. It is conceptual and tries to identify the main lessons relevant to Cuba useful for intelligence and early warning purposes. It first highlights the major findings of the workshop with respect to the transitions that have taken place in other communist states, identifying the conditions, forces, and processes that most transitions had in common. This provides the basis for a general conceptual framework on communist transitions. Next, it compares Cuba to the transitions in other communist states, noting key differences and similarities. Finally, it lays a framework for analyzing and anticipating future change in Cuba based on the transition indicators identified by the workshop. Although the ideas presented here represent a joint effort by all of the participants, the authors alone are responsible for the contents of this report.

II. THINKING ABOUT TRANSITIONS FROM COMMUNISM

FUNDAMENTAL ASSUMPTIONS

Communism in its Leninist application is about gaining political power and then centralizing and keeping that power to an extent seldom witnessed in human history. A consolidated communist regime penetrates every organization and group in the society and controls human activity to an unparalleled extent. Consequently, a consolidated communist regime can keep its hold on power and muddle through by inertia for a considerable period of time, even though it is a failure according to most measures of success (economic performance, living standards, individual freedoms, etc.) commonly used in non-communist countries.

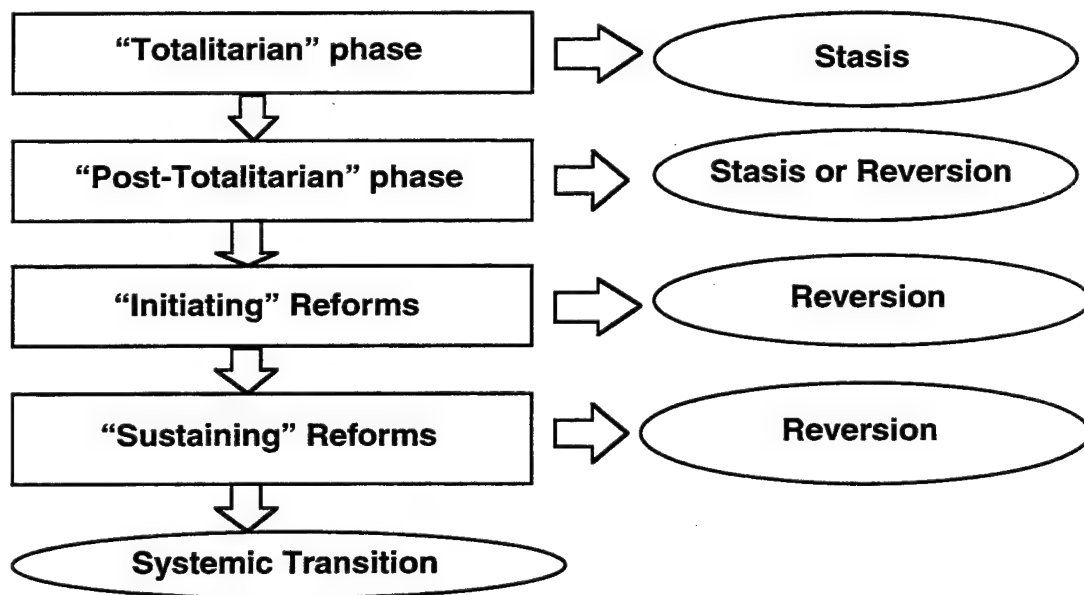
In other words, assuming that any political elite has as its core value its own perpetuation in power, the idea is taken to an extreme in Leninist communist systems. In such countries, there are few, if any, formal or informal constraints against the communist monopoly on power. Thus, transitioning away from such a system, even if its failure is all-too evident, is no easy matter.

Because societies controlled by Leninist regimes are, by definition, elite-dominated, the elite must play a central, probably a leading role in initiating reform if the process of non-violent change, perhaps leading to a transition away from communism, is to occur. Particularly in the post-revolutionary period, once the revolutionary generation is largely gone and replaced by people who grew up under the communist system, inertia and a lack of reform seems to be the natural tendency because reform may lead to the diminution and/or loss of power. Thus, something must push the elite to act so as to adopt structural reform measures. Pressures stemming from systemic and policy failures are not enough. The leadership must react to the pressures by taking steps that inherently may put its hold on power at risk. The issue comes down to the leadership deciding that its reduced ability to manage the environment may ultimately threaten its hold on power. Consequently, the leadership must then launch measures that aim at perpetuating itself in power but which also could risk an uncontrolled escalation of the process and lead perhaps to the ouster of the regime.

THE REFORM PROCESS FROM AN ANALYTICAL PERSPECTIVE

The process of reform in Leninist societies may be divided into two main stages: 1) the onset of reform and 2) the sustaining and deepening of the reform process. The first stage may be marked initially by "tinkering" type measures that do not alter significantly the power of the party and the state, but which may be followed by deeper structural reforms that begin to change the political and economic character of the system. Once the initial stage is passed without triggering a popular revolution, then the reforms need to be sustained and deepened. As they become more structural in nature, they may lead toward a complete transition away from command economy and monopoly on political power--the twin pillars of Leninist communist regimes, upheld by actual or threatened repression.

Figure 1. Reform and Transition in Communist States



The East European northern tier (with the partial exception of Slovakia) has passed through the breakthrough point of the reform process. Vibrant market economies, competitive elections, several peaceful transfers of power, free media and no undue restrictions on right of assembly or organization all point to the complete break of these countries with the communist past. The transition in the East

European northern tier has been toward market democratic states no different from contemporary West European states. That is not necessarily the end point for all transitions from communism and, Frank Fukuyama's "end of history" notwithstanding, it would be teleological to assume that this is a natural progression of reform. Instead, for the purposes of the discussions about Cuba, we assume that what is of most concern is the movement and direction of the reform process without necessarily ending in some kind of a replica of a Western democratic system.

The Onset of Reforms

The onset of reforms can be considered analytically in terms of three main categories: structural preconditions, accelerators, and leadership. Structural preconditions consist of at least four elements:

- a prolonged period of economic decline;
- social decay;
- widening technological gap with competitors, and;
- increasing information flows.

Accelerators include the following:

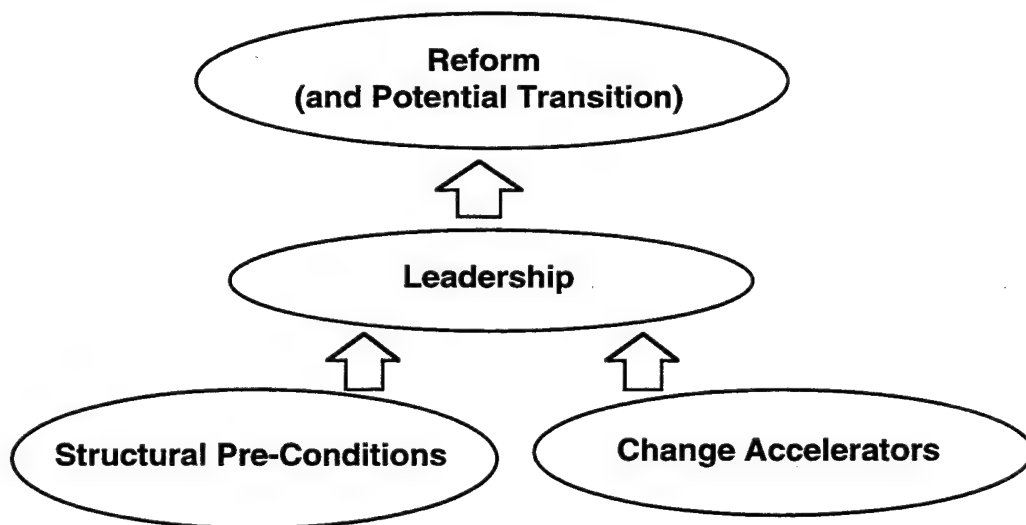
- unanticipated external shocks;
- technological advances that threaten the regime's hold on power, and;
- signs of weakness of the regime (ranging from popular disturbances, rise of civil society actors, or open criticism from within, combined with a weak regime response to such events).

The leadership category consists of:

- the demise of the revolutionary-era leadership and, in particular, the "Great Leader";
- an explicit recognition of adverse trends that need to be arrested or reversed and a realization that long-standing "muddling-through" policies no longer suffice;
- the ascendancy of a leader with a liberalizing but non-radical agenda and the formation of a new coalition around the new leader, and;
- the support (or at least the neutrality) of the security apparatus for the reformist coalition.

Because of the centralization of power in Leninist regimes, the leadership category is the most important. Without the recognition by the Leninist elite that substantial changes are needed, the structural preconditions and accelerators amount to necessary but not sufficient conditions for the reform process to begin. The clearest evidence of this is North Korea. Despite an abysmal failure of the regime by any non-communist standard and the institutionalization of impoverishment and famine, signs of substantial internal reform are not easily evident. Contrast North Korea with Gorbachev's USSR or Deng Xiao Ping's China. The difference is that the ruling elite recognized the systemic drawbacks and took steps to address them. The reform process spun out

Figure 2. Essential Components of Reform in Communist States



of control in both countries but, unlike the Soviet leadership, the Chinese regime managed to regain control of it.

Sustaining the Transition

Once the first stage of reform is in place, the process can easily falter for any number of reasons, ranging from the regime's reimposition of control to failure of the reform process to show adequate evidence of success. At least the following elements appear necessary to continue the reform process, deepening its scope and widening its breadth:

- initial success of the reforms in breaking and reversing at least some of the adverse trends;

- evidence of success of the reforms at the popular level, leading to popular support for the reformist leadership, the emergence of supportive civil society actors, and support from the intelligentsia;
- successful consolidation of power by the reformist leader;
- growing engagement and increased information links with the capitalist world;
- benign external environment, so as to ease some of the fears of the security apparatus;
- accrual of benefits to the military;
- successful management of social tensions accompanying the reforms;
- justification of the reform process in terms of a viable "national project."

The elements listed above do not guarantee the success of the transition process but they appear necessary for its unfolding.

APPLYING THE FRAMEWORK TO OTHER COMMUNIST TRANSITIONS

In retrospect, how did we know--or should have known--that changes were coming in the other cases of communist transitions? What indicators were in place that astute analysts could have picked up? Now that we are wiser, having seen the process of reform and/or transition unfold in most communist countries, how do these transitions fit into the framework presented above?

Looking at the onset of reform, structural preconditions are easier to see than the accelerators. Almost by definition, accelerators tend to be sudden and unexpected. They may be recognized as important after the fact but they are not easily anticipated. The leadership category remains somewhat of a "black box." The secretive nature of Leninist systems provides few glimpses into the decision-making and policy process going on at the highest levels. Sustaining the reform is easier to monitor, as the regime's hold on information is no longer so extreme. Indeed, the difficult task for an analyst may be how to make sense of the huge amount of information that becomes available during the transition period.

Each of the elements needed for reform, and for potential transition away from communism, are discussed below with references to

previous transitions and/or reforms. The transitions started at different times, depending on the country. For purposes of clarity, we are discussing the post-totalitarian phase of reforms rather than the transition from the all controlling, highly repressive and encompassing totalitarian state to the more benign phase of a still orthodox communist regime. As in the case of the USSR, for example, we are dealing with the post-Brezhnev reforms rather than the elimination of the most brutal aspects of rule in the USSR in 1953-56 that occurred in the aftermath of Stalin's death. Similarly, we are not discussing the Polish and Hungarian gradual reform measures that can be dated back to the 1960s. Instead, we are dealing with the dismantling of the twin pillars of orthodox communism that occurred in the 1980s in both countries.

The actual Soviet transition began with the elevation of Gorbachev to the top Politburo position in 1985. The Chinese reforms started in 1978, with ascendancy of Deng Xiao Ping and the proclamation of the rural reform program. The Vietnamese reforms began with the adoption of the renovation program in 1986. Serious North Korean reforms are yet to be seen. The regimes in Eastern Europe depended largely or almost entirely on Soviet power to prop them up and they cannot be treated in isolation from the USSR. The adaptability and willingness of the Eastern European regimes to change varied, depending on their internal situation, and so did their support for Gorbachev's reforms, but the beginning of the Soviet reforms in 1985 was also the beginning of the end for all of them. In other words, the timing of their transition processes was not an independent variable but derived from the Soviet initiation of reforms. Turning to the East European regimes not reliant on the USSR (Yugoslavia and Albania), the Yugoslav reforms are difficult to pin down and the multi-ethnic nature of the state gave reforms there a different focus, but the beginning of the post-Tito reform of the federation began in 1986-87. The Albanian regime showed signs of post-Hoxha opening up in the late 1980s, before being swept away in 1991. With this context in mind, the rest of this section applies the general framework to the various communist transitions.

Structural Preconditions

Economic Decline. A prolonged period of economic decline may be shown in an absolute or relative sense. In an absolute sense, the decline may range anywhere from stagnant or declining growth rates to contraction of the economy. The decline must persist for years and it must be immune to the various "tinkering" types of measures. In short, what is needed is evidence beyond doubt that systemic constraints prevent further growth and only stagnation or contraction is in the cards if the systemic problems are not addressed.

In the case of the Soviet Union, the decline was evident since the 1960s and observable through a variety of statistics as well as anecdotal evidence of declining living standards. Slowdown in growth was evident in much of Eastern Europe since the mid- and late-1970s, most vividly in Poland. High inflation, debt crises, and deterioration of foreign trade balance were evident to a varying extent in most of Eastern Europe during the 1980s. Beginning in the 1950s, China faced perennial problems with agriculture and periodic famine. Moreover, agricultural production had shown signs of further decline in the 1970s. In Vietnam, 30 years of war and communist-style economics made poverty universal and placed the country among the poorest in the world in terms of per capita GDP.

Also important is the frame of reference used to compare the country's progress. In cases of countries with larger international aspirations, such as the USSR and China, the evidence of increasing gap in technological levels and living standards with the developed capitalist states brought home the systemic failure. For countries without such aspirations, the comparisons were no less problematic. In the northern tier of Eastern Europe, where the comparisons of living standards were with Germany, Austria, or Western Europe in general, the systemic failure was all too evident. This was true to a lesser extent in the southern tier, where the standard of comparison was the neighboring countries of Greece, Turkey, or southern Italy. In other cases, such as North Korea, the clear frame of reference was South Korea; especially by the 1980s, the gap between the two Koreas was evident. In Vietnam, a comparison with the ASEAN states, such as Indonesia or Malaysia, was also increasingly unfavorable.

Suffice to say, beginning with the 1960s, there was growing evidence that systematically the communist regimes were being outpaced by neighboring market-economy states in improvements in standards of living. The specific situation varied and the extent of knowledge of the relative falling behind varied greatly, but the standard indicators of economic performance were applicable to the communist states. The decline in economic performance brought with it internal security implications because it increased the potential for popular discontent. It also concerned the armed forces because it presaged a further decline in military balance relative to the West (with the West identified as an implacable enemy).

Social Decay. An orthodox Leninist regime makes all spheres of human activity an aspect of its interest. However, with time and consequent ossification and bureaucratization of the regime, there occurs a lessening of the depth in the regime's effective control over at least some spheres of human activity, along with a decline in its all-inclusive extent of interest in society's behavior. The social decay can be shown in either absolute or relative sense. In an absolute sense, the decay may demonstrate itself through reduced life expectancy rates, higher infant mortality, growing alcoholism, drug abuse, and suicide rates, institutionalization of corruption, evidence of non-sanctioned behaviors such as prostitution, etc., etc. All of these behaviors point to social anomie. They are also evidence of decreasing regime control over the society for they indicate growth of behavioral patterns that the regime actively opposes.

In the Soviet case, the decline in health standards became evident and observable even in official statistics, despite efforts to hide the trends. The declines in Eastern Europe varied by country but growth of the non-sanctioned behavior patterns was evident throughout the region. In the case of China and Vietnam, the evidence is less clear, though popular exhaustion from the Cultural Revolution and war, respectively, was all too clear. For example, in the case of China, this was evidenced by indications of increasing labor unrest and strikes, signs of corruption, and erosion of party cadres' authority.

In a relative sense, the frame of reference for judging the society is also important, as it brings in a competitive dimension to the

comparison. In the case of the Soviet Union, the decline in health statistics meant a widening gap with the developed capitalist West. Similarly, in Eastern Europe, the gap was becoming especially wide when compared with Western Europe. And for the Eastern Asian communist states, the comparison with Japan, South Korea, and ASEAN was also unfavorable. The trends brought home evidence of negative long-term developments. They also showed that the regime's exhortations and mobilizational campaigns had less impact, for the behaviors went against the norms propagated by the regime; in this sense, they demonstrated the reduced level of regime control over the society.

Widening Technological Gap. A central feature of communist systems is their limited ability to innovate and their low adaptability to change. With indicators of performance judged almost entirely through quantitative assessments of output, the whole incentive structure is not conducive to innovation. Only in select designated sectors, such as the military in the USSR, where resources had priority (at the expense of all other sectors), was there any significant qualitative improvement and innovation. In effect, orthodox Leninist regimes are ill prepared for qualitative competition with market-economy states. With time, a technological gap develops and usually widens. Such a development has implications for the military, weakening its capabilities vis-a-vis the regime's self-designated adversaries.

The widening technological gap was a clear problem for the Soviet leadership and was openly discussed in the Soviet military by the early 1980s, most prominently in Marshall Ogarkov's writings. The falling behind of the USSR was especially problematic to the Soviets because their military already had the first pick of resources and could not improve much on its performance under the existing systemic constraints. East European satellite regimes mirrored the Soviet regime in recognizing the technological gap and the potential problems it posed in the security realm but, not being independent actors, this dimension was not crucial to them. It was in the economic realm that the technological gap and the failure of export-based schemes at catching up illustrated their structural weakness.

In the case of China, the technological gap was problematic because of the regime's intent to establish China as a major world power. Sino-

Soviet rivalry and especially the poor performance of the Chinese armed forces against Vietnam in 1978 contributed to the realization of weakness and backwardness. In Vietnam, the issue of development became central to the leadership. The rapid strides made by neighboring ASEAN states in modernization and adaptation of modern technology which enabled them to compete on world markets, was in sharp contrast to the backward state of Vietnam.

Increasing Information Flows. Increased travel between a communist country and more open societies allows for an interaction and learning that is difficult to control by the regime. It provides access to alternative means of information and tends to invalidate the usual demonization of the capitalist countries at the level of the individual. In addition, technological changes that made access to non-regime sanctioned information easier were always major threats to the regime's hold on power. Quite simply, alternative information sources exposed the failures of the regime. Whereas radio broadcasts from Radio Liberty and Radio Free Europe were vulnerable to jamming, satellite dishes, faxes and, most of all, now the Internet, provide alternative means of access to information and make curtailing of access more difficult. In effect, increased information flows that accompanied increased interaction with the capitalist states, along with greater access to alternative sources of information, forced the regime to be more open in its own media.

The impact of increased travel and access to foreign media on regime's hold on power were evident in the northern tier of Eastern Europe since the early 1970s (specifically in Poland and Hungary). The East German regime, having to deal with the availability of West German television broadcasts in most of the GDR, expended enormous propaganda efforts trying to counter the access to non-regime sources of news. In the Soviet case, intra-regime discussions of the threat that satellite technology posed to the control over information sources took place in the early 1980s, showing the regime's uneasiness over the development and the perception of vulnerability. The specific effect of increased information flows on weakening the Chinese and Vietnamese regimes is not as easily evident, though it clearly played a part in China in the late 1980s.

Accelerators of Change

Unanticipated external shocks. Because they are unanticipated, external events that endanger or shake the confidence of the regime have a double impact--a substantive meaning of their own as well as the shock value that throws existing expectations and patterns of action into doubt. A wide variety of events fall into this category, ranging from an unexpected economic shock, to fundamental political change in another country.

In the Soviet case, the election of Ronald Reagan, and the consequent military build-up in the U.S., jolted the Soviet leadership out of its complacency and expectations that U.S. would not challenge Soviet assertiveness in the developing world. Besides illustrating the technological gap between the U.S. and the USSR, the launching of SDI and its seeming initial successes, certainly had a shock value.

Perhaps the clearest case of an unanticipated external shock was in Eastern Europe in the form of the reformist course adopted by Gorbachev. When in 1987 Gorbachev made it clear to the East European leaders that the USSR would no longer intervene militarily to prop them up, a reaction ranging from bewilderment and censorship of some Soviet publications by the Czechoslovak, GDR, and Bulgarian regimes, to the beginning of negotiations with the opposition regarding the transfer of power in Poland and Hungary were the result. The Soviet changes had a similar effect on Vietnam, in the sense that the loss of Soviet economic support made the Vietnamese leadership face the stark choice of choosing between a downward spiral in already low living standards or a liberalization.

Quite aside from its direct impact, Soviet liberalization, and then the complete collapse of communism in Eastern Europe and the USSR, was a shock to every other communist regime. This dissolution went against Marxist ideology of historical determinism and stripped even the pretense of adherence to the infallibility of Marxist thought. Only in the case of China were the consequences of Soviet collapse relatively minor.

Technological advances threatening the regime. This element is similar to the increasing information flows (in the structural preconditions category), but it is qualitatively distinct. The

information revolution has dramatically altered the way information is gathered and allows for an interactive means of accessing information by an individual. Although the information revolution came after the transitions in Eastern Europe and the USSR began, its role in China was pivotal in the rise of the democracy movement and events leading up to Tiananmen. A Leninist state is best at centralization of power and control, whereas the information revolution is about decentralization and the empowerment of the individual. It thus has the potential of circumventing regime control.

Signs of weakness of the regime. A Leninist regime relies, ultimately, on force or threat of force for acquiescence to its rule. Any sign of weakness shown by the regime can easily snowball into a massive challenge fatal to it. The occurrence of something that is unsanctioned or, especially, proscribed, such as open dissent against the regime, if not met with force and crushed in a clear fashion, can lead to a mushrooming of protest. In other words, using the parable of the servant who said "the emperor has no clothes," a regime that relies ultimately on threat of intimidation and force has to be willing to use force to crack down on any protest to its rule. If it doesn't, then it risks a rapid growth of protest because its threat of force is no longer as credible and individuals may perceive a lower potential cost if they engage in open protest. The crucial aspect is the regime reaction. If the regime does not act to the constant "testing of limits" with decisive force, then it risks the quick spread of protest and the consolidation of the groups that initially took the risk of expressing dissent. A lack of use of decisive force in the face of a challenge in itself reduces the power of the regime.

In the Soviet case, the open dissent by prominent intellectuals (most of all by Sakharov), combined with a mild response by the regime undoubtedly emboldened others and demonstrated vividly limits to the regime's willingness to punish dissent. Civil society actors played a major role in Poland, in the form of the Catholic Church, the mushrooming of dissenters' groups in the 1970s, culminating with the formation of a mass anti-regime movement in the form of an independent trade union (Solidarity). Churches played a lesser, though still important, role in the GDR and Hungary. A dissident intellectuals'

group in Czechoslovakia and student activist circles in Slovenia, combined with weak response by the regime, illustrated some weakness in the Czechoslovak and Yugoslav regimes. Environmental movements played some role in several East European countries, including Bulgaria. In the case of China, the regime has taken a harsh line toward the formation of any mass movements not "sponsored" by the state. However, when these have emerged, most prominently in the students' protests that culminated in the democracy movement in 1989, a crackdown followed.

Leadership and Policy Responses

Demise of the revolutionary-era leadership. Generally, leaders who make a revolution find it difficult to try to undo it or radically change course. Systemic change is thus left to a new generation of leaders, unencumbered by personal involvement and intense identification with the revolution. In no transition so far has any founding "Great Leader"--be it Stalin, Tito, Hoxha, Mao, Ho, Kim-Il Sung--initiated steps that questioned the fundamental tenets of Leninism. Tito came the closest but even his reforms left the two main pillars of Leninism intact. The passing of the "Great Leader" always leads to succession struggles. Because the successor's stature is seldom, if ever, as strong as the original leader's, heretofore heretical ideas can be entertained to a greater or lesser extent. In addition, the more distant the revolution, the more the party becomes a vehicle for governing rather than for an armed takeover. Consequently, it takes on functions of a "normal" party in a monopoly situation, more focused on administration and management rather than striving for the fulfillment of revolutionary ideological goals. Leadership drawn from such a group tends to have a different orientation from the founding leaders.

The Soviet case follows the above pattern closely. In the late 1970s and early 1980s, the aging and sclerotic Soviet top party leadership, backed up by a party apparatus led by republican and regional leaders with their own "fiefdoms," neither believed in or had many things in common with the revolutionary ideology to which they paid lip service. In the Soviet satellite states of Eastern Europe, this aspect is less relevant because the "founding leaders" in these countries would not have made it to their posts without assistance from the "Big Brother." Gomulka, Kadar, Dubcek, Ceausescu in his early

years, were the notable exceptions in having gained a measure of some acceptance because of the popular hopes that they would reduce Soviet influence over their countries. Otherwise, the individual leaders were not even all that important; they were Soviet-installed and Soviet-dependent. In Yugoslavia, Tito's demise in 1980 led to an institutionalized collective leadership system and substantial intra-elite bickering about policy paths. In Albania, Hoxha's departure in 1985, brought in his hand-picked successor, Alia, but in a much weaker position.

In China, the pattern is less clear-cut than in the USSR. Deng Xiao Ping was a member of the revolutionary-era generation, who was purged by Mao because of his reformist tendencies. However, Deng emerged successful from the post-Mao succession struggle, promoted a new generation of leaders, and followed a careful and gradual policy of reform measures. Without questioning the political pillar of Leninism, Deng's reforms undercut its economic pillar. In Vietnam, the "Great Leader" Ho departed early on, in 1960, but the revolutionary-era leadership persisted into the mid-1980s (until the demise of Le Duan in 1987 and Phan Hung in 1988). A new generation assumed the highest posts beginning in 1986. The demise of the original "Great Leader" in North Korea brought in his son in a dynastic-style succession and signs persist of some intra-elite struggle at the top.

Recognition of the need to arrest adverse trends. Failures stemming from systemic reasons, accentuated by unexpected shocks or accelerators, provide the background for the initiation of reform measures. A generational change in leadership provides an opportunity to adapt such a course. But the leadership needs to recognize explicitly that tinkering with the system and "muddling-through" policies no longer suffice, and that more serious measures are needed, whose effects and consequences are uncertain.

The Soviet case follows this pattern closely, as Gorbachev's accession to the top party post was a result of explicit agreement in the Politburo that "business-as-usual" ways would no longer suffice. Top Soviet leadership was aware of the negative trends since at least the late 1970s but feared (justifiably so, as it turned out) taking any decisive steps to deal with them. The Soviet leadership's fears were

evident in its attempt to postpone making the risky choice and instead choosing two aging leaders (Andropov and Chernenko). But Gorbachev came to power explicitly on the expectation that he would adopt a reformist course.

The East European cases are more difficult because of the fact that all fundamental decisions had to be taken with Moscow's approval and could not go against mainstream Soviet policies. Thus, the Hungarian and Polish regimes had long realized the need for fundamental reforms but were prevented from taking the steps they wanted by the Soviets. The Romanian regime refused to acknowledge the depth of the problems until the very end, despite a plethora of warning signs. The Chinese decision to adopt the rural reforms at the end of 1978 represented a specific acknowledgment that "muddling-through" in agriculture was no longer viable; the move opened the gates of reform. In Vietnam, the adoption of the "renovation" line at the 1986 Party Congress also represented an acknowledgment of the need for a new course.

Ascendancy of a reformist leader and his coalition. Eventually, a leader identified with a liberalizing but non-radical reform program needs to emerge. Because even Leninist systems that have reformist agendas are still authoritarian, the role of a readily identifiable leader who symbolizes the reform movement is crucial. That leader then needs to build a supportive coalition to push through the initial reforms. Initially, the leader cannot be too threatening to the power structure and the agenda must be evolutionary and liberalizing. In other words, any aspiring leader cannot talk about systemic change because that would be the surest way for that leader to be prevented from coming to power. However, keeping in mind the principle that gradual change over a decade amounts to a revolutionary change, the important thing is the general thrust and direction of the liberalizing agenda.

The Soviet case clearly follows the pattern. Gorbachev explained his policies initially as an attempt to return the USSR to "true" Leninism. He outmaneuvered his opponents by allowing the media selective freedom to criticize the opponents of his reforms while he consolidated his position in the Politburo. The East European cases are not easily applicable because of the satellite status of these

countries. However, the pattern holds true with respect to China as Deng consolidated his position in the aftermath of a succession struggle and then followed through with a gradual but increasingly deeper program of economic reforms. The Vietnamese case is not as clear-cut. The Politburo has been split between reformers and conservatives, making change fitful, progress slow, and compromise necessary.

Support (or neutrality) of the security apparatus. In the final analysis, every Leninist regime relies on force to sustain itself in power. Hence, the civilians in the communist party in every Leninist state expend enormous efforts to make sure that the apparatus of repression, comprising the police, militia, and the military, remains under their control. They do so through a variety of measures, ranging from political officers keeping a check on line officers and the compulsory party membership of officers in the party, to outright secret police infiltration of the military. The importance of the security apparatus, in turn, also makes it a powerful institutional actor within the regime. Any political leader in a Leninist regime must have at least the acquiescence (i.e., neutrality) or support of the security apparatus in order to proceed with the reforms. Otherwise, his opponents within the party can turn to the secret police or military and he will not be in power for long. How the security apparatus is bought out is case-specific but the need for it to at least remain on the political sidelines exists across the board.

In the Soviet case, the military remained neutral during Gorbachev's tenure because of the perception that the USSR had to change to keep up with the West in the security realm and the military was willing to go along with what it considered to be moderate reforms that would improve the performance of the Soviet industry. In addition, elements within the intelligence apparatus supported reform because they knew well how isolated and behind the West the USSR really was. The role of the military was more varied in the East European transitions. In Hungary, the GDR and Czechoslovakia, the military was neutral and stayed on the sidelines during the ouster of the regimes, though in the case of the last two the military came close to intervening. In Poland, the army played a constructive role in the transition in negotiating the change of power with the opposition. The army even played a lead role

in causing the downfall of conservative leaders and installing reformers in power in at least two countries: in Romania, the military was the major actor in the coup against Ceausescu, while in Bulgaria, the defense minister was one of the main actors behind the ouster of the long-time party boss Zhivkov from power in 1989. In China, the military's poor performance against Vietnam in 1978 demonstrated the backwardness of the Chinese armed forces. That experience probably made it more sympathetic as an institution to the initiation of limited reforms, although Deng first had to retire several old guard senior officers. The Vietnamese military, exhausted from decades of war and frustrated by involvement in Cambodia, accepted the limited reforms.

Sustaining the Transition

Initial success of reforms. Performance does matter and the principle that "nothing succeeds like success" applies to reforming communist societies. Unless the initial round of reforms slows down or reverses the adverse trends identified as worrisome by the leadership, the reformist leader and his coalition are not likely to be in power for long.

Whether Gorbachev managed to achieve any success in stopping the negative trends is open to question. More of an activist than a strategist, Gorbachev lacked a clear plan of action. In any event, his reforms soon spun out of control and, in 1991, he was deposed. The reliance of the East European regimes on the USSR and their quick fall makes this factor inapplicable to the northern tier. In Romania and Bulgaria, reformist communist regimes persisted for a few years but their lack of success, especially in comparison with the northern tier, was evident and led to elections that threw them out of power. The Chinese case supports the pattern. The success of the rural reforms led to the urban reforms in the early 1980s and solidified the whole process. In Vietnam, success was not as easily evident but it did address the most pressing social needs.

Success of reforms at the popular level. Because a reformist leader threatens the interests of some of the entrenched party bureaucrats, an appeal for support at the popular level can be important in solidifying his power base and lead to the deepening of the reform process. But to gain the support at the popular level, the reforms must

make some improvements in the daily lives of the general population. Improvements in living standards are the best motivation, but non-material benefits, such as greater freedom of expression, also may appeal to select groups within a society.

In the Soviet case, Gorbachev's reforms proved a failure in raising living standards and he became an exceedingly unpopular figure at the popular level by 1990, even though his policy of "transparency" (*glasnost*) had some appeal to intellectuals. The rapid breakdowns of the satellite regimes in East Europe make this point (and others that follow) largely inapplicable. In China, the success of the rural reforms touched directly the lives of hundreds of millions of Chinese and undoubtedly strengthened Deng's hand. In Vietnam, the emphasis on egalitarianism perhaps made the slow pace of reforms and their limited effect at the popular level palatable.

Consolidation of power by the reformist leader. In order to deepen the reform process, the reformist leader has to consolidate his political position. Evidence of success strengthens his hand but it still takes substantial political skills and savvy to pack the Politburo with allies and gain a wider base of support. This is no easy matter and it combines elements of old style communist "justice" (such as show trials and heavy-handedness toward some opponents) and co-optation of key figures through political deals. It is important to keep in mind that a reforming Leninist system remains authoritarian, there are no rules and customs that cannot be bent, and there remains constant uncertainty over what is permissible.

Gorbachev showed some skill in intra-Politburo battles but never really gained a wider base of support that would have allowed him to consolidate power. The Chinese case illustrates the pattern very well, with Deng's political savvy evident in his unprecedented comebacks and outflanking of political opponents.

Growing engagement with the capitalist world. Increased interaction with the West is crucial to the success of a reform program. An infusion of Western technology is a quick way to raise efficiency and contribute to the success of early reforms. In addition, increased information links with the capitalist world serve to support the course of reforms as they tend to delegitimize opponents of reform.

In the Soviet case, there was certainly growing engagement and a massive increase in information links with the capitalist world during Gorbachev's tenure. However, the lack of a coherent reform program limited the infusion of foreign direct investment and technology transfer. The Chinese were far more successful in engaging the West. The inflow of Western foreign direct investment soon turned from a trickle into a flood, and the mixture of a strong work ethic, low wages, and modern technology made China a major exporting state by the late 1980s. The Vietnamese case amounts to a slower version of the Chinese pattern.

Benign external environment. The security apparatus is unlikely to remain neutral or supportive of reforms if it perceives a significant security threat from abroad. Instead, the military especially is likely to see any major reform as potentially endangering the state's survival, for its attitude is likely to be "now is not the time to launch major experiments." In addition, the security apparatus is likely to be especially suspicious of the increased information links with the West, see a spy in every foreign businessman, and look upon the reform process as putting at risk the security of the state.

The USSR was engaged in long-term military competition with the US and its alliance system. By the 1980s, however, the competition had become almost ritualized and had long passed its most contentious stage (Korean War and the early 1950s). The USSR had achieved parity in strategic arms with the U.S. and, even though the long term trends were worrisome, it was in no immediate danger. China was in a similar position. In the late 1970s, its rivalry with the USSR was intense but the actual Sino-Soviet clashes had occurred a decade previously. China was also increasingly playing a balancing role in the U.S.-Soviet competition and could reasonably expect U.S. assistance in any potential crisis with the USSR. By the mid-1980s, Vietnam was bogged down in an inconclusive anti-guerrilla war in Cambodia but faced no major threat from abroad.

Accrual of benefits to the military. Related to the point above, the military as an institution must see real benefits for itself as a result of the reform process. These gains can range from improving qualitatively the armed forces to improving the living standards of the

professional military cadre. The reformist leadership must put in place a blueprint for the long-term evolution and role of the armed forces that is satisfactory to the military.

In retrospect, the Soviet military worried about the long-term trends as it knew it was falling behind the U.S. in the military sphere. It was this realization that led to the Soviet military's initial support for reforms in the USSR. In an environment of institutionalized corruption in the last years of the USSR, individual high-ranking officers profited greatly from engaging in "business deals." However, as an institution, the Soviet military clearly fell on hard times in the late 1980s. In contrast, the Chinese military has adapted to and prospered under the gradual liberalization. Both the military as an institution and individual officers have engaged in private economic activity or "military capitalism" to an extent seldom seen in recent history. The Vietnamese military has been cut in half since the beginning of the reform process and, for the first time in several decades, it is no longer engaged in combat. It has shown some signs of being involved in private economic activity.

Successful management of social tensions. Although they continually extol their egalitarianism, consolidated Leninist regimes generally succeed in creating a two-class society: the members of the communist elite and everyone else. But the socialization processes that emphasize egalitarianism and collectivism, combined with the portrayal of personal initiative as anti-social behavior, tend to be internalized to some extent. In addition, the provision of free medical care, education, housing, and other services as well as easy availability of employment make the basic necessities of life not a major problem. However, these same benefits also tend to destroy innovation and productivity. Thus, any substantive reforms have to provide incentives for individual innovation and risk-taking.

If effective, these same incentives serve to create some differentiation among individuals and often make costly what was previously "free" and a given. Therefore if the reforms are successful, the officially-proclaimed egalitarianism becomes ever more clearly invalidated in practice, as a new stratification of wealthy and poor classes take shape in the society. How the regime handles the social

disruptions and tensions that accompany the reform process is a major determinant of the success or failure of the reforms.

The Soviet reform process amounted to political liberalization combined with more limited economic liberalization. Consequently, the previously "secret" information about the corruption and inequalities in the USSR became widely discussed in the media. However, the reforms provided little actual improvement in living standards for most citizens and, indeed, the problems worsened. The regime was unable to deal with the social tensions that it allowed to come to the surface. The Chinese regime has managed social tensions by continuing to use repression, eschewing political liberalization, and allowing only limited discussion of the problems, while engaging in far-reaching economic reforms. In the case of Vietnam, specific problems attendant to the reforms were initially alleviated by improved performance of the economy. However, corruption among rural Communist Party leaders and increasing gaps in income are becoming evident and clash with the strong egalitarian outlooks within the Vietnamese society.

Justifying of reform in terms of a "national project." The reform process has to have some end-point and a vision of what it is trying to accomplish. The vision has to have wide appeal and be justifiable at the popular level. It has to motivate individuals by providing a goal that is worthy of striving. Because of the appeal of patriotism and because the vision is about the larger community, the end-point needs to be expressed in national terms. Without such a vision, the reform coalition is not likely to be strong.

Perhaps Gorbachev's biggest failure was his underappreciation of the ethnic dimension of the USSR and the problems for reform it caused. A vision of a Russian-dominated state, even if substantially liberalized, had only a limited appeal to many of the ethnic groups that made up the USSR. The USSR was an empire and it would have been difficult to keep it together peacefully under conditions of greater freedom of expression. The GDR is another case in point. The East German "national project" was defined strictly in ideological terms, distinguished from West Germany on the basis of its "socialist system." Without the socialist underpinnings, there was no reason for the state to exist. In effect, the state collapsed once communism began to fall

apart in the USSR and the Soviets were either not willing or unable to prop up their East German proxies. Czechoslovakia and Yugoslavia, too, provide examples of states that found it impossible to present a "national project" acceptable to the citizenry. In China, however, Deng successfully resurrected his earlier reform program as the country's national project by the 1980s. The vision of a China as a major world power, has proved successful so far in justifying and legitimizing the transition. Beginning in 1986, the Vietnamese leadership's new program of national renovation (*doi moi*) also constituted a national project around which the reformers have rallied the Vietnamese people.

III. CUBA COMPARED TO OTHER COMMUNIST TRANSITIONS

CUBA: A DISTINCT OR SIMILAR CASE?

What does the above framework tell us about potential evolution in Cuba? Despite the disappearance of the Soviet Union in 1991, and the severe economic contraction that followed in Cuba, the communist state that Fidel Castro and his regime have built remains firmly in place. That the regime has survived the collapse of its international patron, as well as the fall of communist states in Eastern Europe, is in itself evidence that Cuba is different from most of its former or present communist brethren. Moreover, only North Korea remains more orthodox communist than Cuba today. This is due mainly to the fact that the Castro government undertook a number of limited market-type economic reforms during the height of the island's economic crisis but retained its Leninist political institutions and processes. In this sense, Cuba has parallels with China and Vietnam and has retained commonalities with North Korea.

However, Cuba lags Vietnam and especially China in the economic arena because of the Castro regime's lack of adoption of more sweeping market reforms. Indeed, one of the workshop's conclusions is that the Castro regime is not in a *transition* mode, as was thought to be the case in the early- to mid-1990s. Instead, it remains in *both* a *survival* and *succession* mode, whereby the leadership is preparing to perpetuate itself in the event that Castro dies or is incapacitated owing to failing health.

It is precisely after Castro's departure that Cuba most likely will begin to experience some of the same social forces that accelerated the other communist transitions and led to system breakdowns or transformations. Even now, however, the workshop identified a number of similarities that Cuba today already shares with its former or current communist brethren.

DIFFERENCES BETWEEN CUBA AND OTHER COMMUNIST STATES

Cuba today is no longer the totalitarian state that it once was owing to the fact that the economic crisis that the island has endured

has sapped much of the state's strength, save for its repressive capabilities. Nevertheless, as it is about to enter the 21st century, communist Cuba stands out as virtually "one of a kind" when compared to other former and present-day communist states. Here, workshop participants agreed that there are country-specific causal factors that go far in explaining Cuba's distinctiveness.

One of the most obvious differences is the indigenous, independent, nationalist roots of the Cuban regime compared to the dependent, illegitimate character of most East European communist regimes. Another is the charismatic personality of Fidel Castro and the relative vitality of his regime, both of which stand in sharp contrast to the sclerotic nature of the Soviet leadership prior to the rise of Mikhail Gorbachev. Still another is the continued commitment by Castro and other old-guard Cuban leaders to the rightness and efficacy of their socialist cause. Again, this contrasts with the realization by such reformers as Gorbachev in the Soviet Union, Deng Xiao Ping in China, and the post-1986 leadership in Vietnam, concerning the exhaustion of socialist remedies for their ailing economies and societies. Given the crucial role of the leadership to the commencement of the process of system change, Castro's continued presence on the political scene appears to be the most important constraint on reform.

Most of Eastern Europe, the workshop concluded, constitutes a special case because of the critical role that Soviet Union played in propping up unpopular, poorly performing, illegitimate satellite regimes in the region. Thus, the most important single factor that precipitated the collapse of communist regimes there was not the poor performance of these regimes. Rather, it was Gorbachev's signal in 1987 that the Soviet Union was disengaging from the region. As soon as the signs became clear, the final round of regime collapse in Poland and Hungary began and, by example, fatally infected Czechoslovakia and the GDR. The process was longer, more violent, and not as clear cut in the southern tier Eastern European states that either had completely indigenous communist regimes or at least ones that relied less on Soviet support than the northern tier.

Elsewhere, the most important, underlying structural cause that led to system change was the prolonged economic stagnation or decline that bedeviled the Soviet Union, China, and Vietnam. The Soviet Union tinkered unsuccessfully with minor reforms of its command economy in the post-Stalinist period, which in the end still left the USSR further and further behind the West. China experienced the ravages of the radical economic and social experiments of the Maoist period that left the country backward and impoverished by the time Mao died in 1976. Vietnam experienced war and ruinous economic policies for nearly thirty years.

These adverse economic trends meant that these countries were falling behind their world or regional rivals. Of equal if not more importance for a Leninist elite that prizes political power above all, the leadership realized that the communist party's authority was being eroded due to the loss of popular support and social control. Hence, a change in economic course was required if the communist ship of state was not to founder. Such course changes began with Deng Xiao Ping's consolidation of power in 1978, Gorbachev's rise to power in 1985, and the Vietnamese leadership's new commitment to the general line of renovation (*doi moi*) in 1986.

In contrast, while it has experienced a severe economic decline, Cuba's crisis has run only seven or eight years and the regime has survived it thus far. Beginning in the early to mid-1990s, when the economic crisis was most acute, the government introduced limited reforms that opened up the economy to foreign investors in particular, and brought an infusion of desperately needed hard currency through increased tourism, investments, and remittances from Cuban exiles. By 1996, the relative success of the economic reforms led the leadership to believe that it had weathered the worst of the economic decline. Moreover, as demonstrated by the 1994 Havana riots and rafter crisis, the regime could see that its security apparatus retained effective control over the populace, and that it could easily crush its weak political opposition as occurred with the crackdown on *Concilio Cubano* in February 1996.

Here, too, Cuba differs from most of the communist states that underwent or are undergoing transition. So far, most Cubans have yet to

engage in "a run on the bank" in which they not only abandon but also turn against the regime because of the general perception of equivocation and lack of resolve on the part of the leadership. Such a perception prompted ordinary people in the Soviet Union, Eastern Europe, and China to engage openly in mass demonstrations and protests, as exemplified most dramatically by the students and workers in Tiananmen Square.

In contrast, Cuban security forces quickly quelled rioters in Havana harbor and nearby districts in August 1994. In so doing, the regime demonstrated its resolve to use whatever force necessary to maintain political control. In this instance, as well as the February 1996 crackdown against *Concilio Cubano*, the efficacy of the regime's repressive apparatus was no doubt due three factors:

- As an institution, the security forces had learned from previous clashes how to deal with demonstrators and rioters;
- As individuals, officers and non-commissioned officers in the Ministry of Interior, members of the Rapid Reaction Brigades, and other members of the security apparatus, all have a strong personal stake in making sure the present regime survives, and;
- As individuals in the more atomized society, most Cubans appear to be less inclined to risk their lives in acting against the regime than the security forces who are prepared to (and trained) to defend the regime at whatever the cost.

Over the past two and one-half years, therefore, Fidel Castro and other top leaders have concluded that there is no need to further deepen the process of economic liberalization, much less adopt a market-oriented economy or open up the polity. On the contrary, it appears they fear that further economic reforms--particularly, the development of private micro-enterprises, shops, and other facilities owned and operated by Cubans--could cause the regime to lose hard-core support among sectors of the population. The regime's traditional constituency is among party and government workers, military personnel, state enterprise workers, pensioners, and others on fixed incomes. They are paid in pesos that constitute but a fraction of what enterprising Cubans plying the tourist trade and black market,

operating home restaurants (*paladares*), or engaging in other private pursuits, whether licit or illicit, earn in dollars.

Relatedly, the workshop noted that the present Cuban leadership lacks a collective "national project" by which to legitimize a fundamental course change. Gorbachev could justify *perestroika* and *glasnost* in terms of returning to the principles of Leninism, Deng Xiao Ping could resurrect his earlier reform program that had been quashed by Mao, and the Vietnamese could embark upon a new course at the Sixth Party Congress in 1986 on the basis of national renovation. In contrast, the Cuban leadership under Castro is caught in a policy dilemma:

- Save perhaps for the first months of the Cuban revolution in 1959, Castro and his regime cannot return to the economic and political policies of the past since these by and large failed the nation despite the largesse of an international patron.
- Conversely, the regime cannot jettison its present policies in favor of a market economy and more open polity since this would be an admission that Fidel Castro, Cuba's "great helmsman," has all along kept Cuba on the wrong course.

Indeed, it is Castro's hubris, along with his legacy that he insists on bequeathing to the Cuban nation, Latin America, and the world, that helps explain why *cambio con Fidel* (change with Fidel) is an oxymoron.

Thus, Cuba today is unlike the Soviet Union, China, or Vietnam. The government is not controlled by the younger generation of reformers but by Castro and other hard-liners who oppose economic as well as political liberalization. Although the economy has not recovered to its 1989 level, the leadership no longer faces a seemingly intractable crisis that would oblige it to enact further reforms or fundamentally alter the economy. Indeed, given the trade-offs, the top leadership appears content to be satisfied with only a modicum of economic growth as long as it is sufficient to dampen the fires of popular unrest.

Meanwhile, although the state has been weakened by the economy's contraction, the leadership's power is not threatened by an organized opposition. All in all, therefore, there exist at present few forces and incentives that would impel the *fidelista* leadership to undertake

deeper reforms, much less to alter course radically as occurred in China under Deng Xiao Ping, the Soviet Union under Gorbachev, and Vietnam under its collective, reformist leadership.

SIMILARITIES BETWEEN CUBA AND OTHER COMMUNIST STATES

Despite its distinctiveness, Cuba does share a number of attributes that were common to other communist regimes that either broke down (and, in a few cases, such as the USSR, the GDR, Czechoslovakia, and Yugoslavia, collapsed as states), or reformed themselves sufficiently to survive as "market-Leninist" states (i.e., China, Vietnam). As mentioned above, one such precondition for change is prolonged economic decline, although Cuba's decline has been abbreviated once the island's economic free fall began to bottom out by 1994-95. However, the workshop concurred that Cuba is by no means out of its economic crisis because it is again experiencing a hard currency squeeze as a result of sharply reduced sugar and nickel export earnings this year. This was confirmed in June 1998 by Minister of Economy, José Luis Rodríguez, who acknowledged that the island's "tense economic and financial situation" had resulted in reductions in fuel and food imports.³

Cuba shares other similarities with post-Stalinist Soviet Union, some East European countries (notably Hungary and Czechoslovakia), China before and after Mao's death, and Vietnam since the mid-1980, with respect to its regime type. By the early 1970s, the Cuban regime ceased being a unipersonal government as Castro allocated more responsibility and authority to others even though he remained very much in charge. The economic crisis that ensued after 1991 greatly intensified this trend, requiring the infusion of new, younger, more technically competent leadership in order to craft new economic policies. This created the opportunity for reformers to rise and influence government policy from positions within the regime or from outside in government-sanctioned research centers. Thus, as occurred with other communist regimes, reformers are today present in the Cuban

³ "Cuba's economic situation 'tense,' minister says," Reuters, June 13, 1998. Subsequently, it was revealed that the 1998 sugar harvest was the lowest in more than five decades--only 3.2 million metric tons, at least twenty percent below last season's production.

regime. Although they have been largely marginalized since 1996, they could stage a comeback if the economy begins another downturn and/or Fidel passes from the scene (as happened with the rise of Deng Xiao Ping and his reformers following Mao's death).

As with the other communist states in the twilight of their years, the Communist Party of Cuba (PCC) also has been undergoing institutional decay in recent years. To be sure, the PCC retains its monopoly of power. But since the fall of communism worldwide, and Marxism-Leninism's clear policy irrelevance in resolving Cuba's acute economic crisis, the Party has been deprived of its earlier elan. Instead, it has become more of an apparatus for the elite's preservation of its power and privileges, than a vanguard party that claims it alone can guide society in accordance with the immutable laws of history. Evidence of organizational degradation can be found in signs of growing corruption among Party officials and cadres. Reportedly, some are using their positions to advance their own personal interests by brokering deals, demanding payoffs, and securing other material concessions, in an economy that has become increasingly dollarized and dependent upon foreign capital.

The one exception to this trend of institutional decay appears to be at the grass roots level where, based on anecdotal evidence, at least some local PCC leaders reportedly enjoy the respect and support of their constituents as a result of having been effective in finding solutions to local problems. In the meantime, at the Fifth Party Congress, the leadership tried to rejuvenate the PCC by infusing the Central Committee with younger, professional party members. Nevertheless, with Castro still on the scene, the Revolutionary Armed Forces playing a direct role in the economy, and other centrifugal forces at work at the level of the economy and society, the PCC today is a far cry from the sovereign institution envisaged by Lenin. In turn, the ability of the Party to respond and govern effectively during a crisis, and not to become paralyzed, will be put to the supreme test when Castro becomes incapacitated or passes away.

As with other communist states, the demise of ideology also has affected the role of the Revolutionary Armed Forces (FAR), historically the key institution in Cuba. The workshop noted that ideology is the

bond which holds together the Party, the security apparatus, and the army, in communist societies. Now that Marxism-Leninism survives only in rhetoric, and the FAR has become a key player in the economy, the army's links to the other two institutions inevitably have been debilitated. Indeed, not only has the FAR become more independent of the Party, but it also may well be the preeminent institution in Cuba today. Conceivably, therefore, the army in Cuba could play the kind of pivotal, active role in a future transition that was played by the Chinese and Vietnamese militaries.

Another important similarity is that, as with the other communist countries, Cuba has become a post-totalitarian state. As evidenced in the other cases, the death of the founding revolutionary leader, the loss of revolutionary faith and elan from one generation to the next, societal exhaustion from radical revolutionary experiments or protracted war, and/or prolonged economic stagnation, all sap the totalitarian state's capacity to penetrate and mobilize society. What emerges in its stead is a post-totalitarian state that is more controlling and ideological than a typical authoritarian or police state, but far less so than its totalitarian predecessor. Thus, the Soviet Union after Stalin, China after Mao, and Vietnam by the late 1980s, evolved into post-totalitarian states, whereby ideological fervor, political terror, widespread purges, and mass mobilizations declined to the point where they were no longer defining traits of the system.

The paradigmatic shift toward post-totalitarianism has occurred in Cuba despite Fidel's continued presence on the scene and the continued presence of a strong repressive security apparatus. But the state's capacity to control and mobilize has been gravely weakened by the severe economic contraction that occurred after 1989, which obliged more and more Cubans to fend for themselves in legal or illegal private pursuits. Meanwhile, Cuba's younger generation--the so-called "children of the revolution"--is far less inclined to sacrifice itself on behalf of the revolution or the collective good of society than was once the case with parents and grandparents. They are far more interested in pursuing careers, acquiring dollars, enjoying Western pop culture, or simply surviving under conditions of economic austerity.

Thus, unlike as recently as a decade ago, the regime cannot tightly control the private and public behavior of its citizens, mobilize hundreds of thousands of Cubans for mass frontal attacks on the ailing economy, nor demand ideological commitment and fealty from the citizenry. As occurred in other communist countries, the state in Cuba has lost much of its grip over the populace.

The weakening of the Cuban state has led to the opening up of space between state and society. Starting in the 1990s, the populace has gradually begun to engage in economic, socio-cultural, religious, and even political activities that are independent or at least semi-autonomous of the state. Although constrained, harassed, and often repressed, there now exists Caritas (the Catholic Church's European-based relief agency), independent associations of economists, journalists, and other professionals, workers' unions, dissident groups, and a variety of self-help groups at the grass-roots level. There has also been a dramatic rise in the number of Cubans turning to religion, ranging from Catholicism and Protestantism, to santeria and other Afro-Cuban cults. With the Catholic Church in the lead, there are thus signs that an embryonic civil society may be emerging, although years may be required before Cuba has the makings of a civil society comparable to what existed in communist Poland. Whether this process comes to fruition depends, of course, on the regime not crushing nascent civil society actors in the meantime.

Cuba also shares a host of negative social trends that could be found in those communist states that ultimately unraveled or successfully transformed themselves. These adverse trends have strained the social compact between state and society because, lacking resources, the government no longer can fulfill many of the entitlements Cubans had grown accustomed to expect. The trends are manifested by:

- Signs of worsening public health owing to shortages of medicines available to ordinary Cubans, shortages of pesticides necessary to maintain public hygiene, and government policy priorities that favor medical facilities for foreign tourists;
- Poorer nutrition levels owing, at times, to the scarcity of such basic food items as milk, fish, meat, and fresh fruits and vegetables, as agricultural production remains beset by problems,

while foreign food imports are limited by the shortage of hard-currency;

- A loss of egalitarianism as a new moneyed class has emerged, and the social pyramid has been turned upside-down, due to workers in the foreign exchange sector of the economy earning several times the \$10 to \$25 in monthly salaries paid by the state sector, with the result that many of Cuba's most skilled and highly-trained people are not the ones making money;
- A high level of unemployment--currently seven percent (or more than 465,000) of the work-age population according to the government, but which is probably considerably higher if underemployment is factored in--that further intensifies social tensions.

In addition, Cuba is experiencing growing corruption at all levels of society, which is a further sign of anomie, or the weakening of Cuba's social fabric. Workshop participants noted that, as with other communist states, the rise in corruption in Cuba enables the hard-pressed populace to survive under conditions of acute economic scarcity. The taking of bribes by officials, or the pilferage of state factories, warehouses and stores by workers, enables the offenders to buy and sell on the black market. Similarly, prostitution catering to foreign tourists provides school teachers, government workers, and other women, who may be earning only the equivalent of \$10.00 per month in pesos, with hard-currency.

On the other hand, corruption in a communist state serves a double function. Even though it signifies the demise of ideology, and the corrosion of revolutionary principles and ideals, corruption helps the regime by easing social tensions. It thus provides the Castro regime with a political safety valve and for that reason it is not vigorously stamped out. Indeed, if corruption of party cadres, government officials, and members of the Committees for the Defense of the Revolution (CDR), becomes more pervasive, Cuban authorities may find it difficult to launch a widespread, sustained offensive against various forms of illicit behavior among the Cuban population.

In sum, despite many of its *sui generis* characteristics, Cuba has not been entirely immune to the same structural forces, and economic,

political and social outcomes, that preceded the demise or transition of other communist states. Moreover, some of the differences that characterize Cuba today appear due to the variable of time:

- Most of the underlying economic, social, and political forces of change in the former Soviet Union, China, Vietnam, and Eastern Europe, generally took decades to develop, and then accelerated in the 1980s.
- In Cuba, such forces for system change for the most part have been at play only since 1991, including the economic crisis, and Cuba still awaits the departure of its "great leader."

Indeed, the process of system change hinges most of all on Castro's passing, after which change toward system transformation or breakdown is certain to be accelerated.

IV. THE FRAMEWORK APPLIED TO CUBA

As outlined in section two, system change in communist societies occurs in two stages. The first is the *onset* stage in which the regime initiates a series of reforms--generally directed at the economy--in an effort to arrest the country's economic decline and other social and political ills, but the new reformist policies may not be fully accepted by all sectors of the leadership and thus remain reversible. The second is the *sustaining* stage in which the reformist policies gain momentum, are deepened and perhaps extended to other areas such as the legal system and the societal-level, and thus become consolidated over time under the aegis of the reformist leadership. Cuba currently remains in the onset stage, although it does not approach the level of reforms attained in the Soviet Union under Gorbachev. Most probably, it will have to await Castro's departure before it can move to the sustaining stage, if at all, which characterizes present-day China and Vietnam.

This section applies the conceptual framework that was presented earlier to Cuba today and to a future Cuba without Fidel Castro. The framework posits three sets of variables--(1) structural preconditions, (2) accelerators, and (3) regime leadership and policy responses--as the forces behind or obstructing system change. In turn, early warning indicators of change that correspond to each of the three sets of variables, and that are relevant to Cuba, are identified. Analysts need to look for and aggregate such empirical indicators in order to anticipate system change, reform, or breakdown in the Cuban case.

THE ONSET STAGE OF CHANGE IN CUBA

As noted earlier, initial reforms that began to liberalize the Cuban economy have been stalled since the mid-1990s. Starting in late 1995, the government also reversed its earlier (early 1990s) more tolerant stance toward emerging civil society actors and even dissidents. In 1996, the tolerance came to an abrupt halt, with the crackdown on *Concilio Cubano*, the shooting down of the two Cessna planes, and Raúl Castro's March 26th speech. Since then, the regime has oscillated between a hard-line toward dissidents and the softer line that was used on the occasion of Pope John Paul II's visit last January.

Clearly, Cuba remains in an onset stage in which liberalizing reforms still remain largely in an off mode. What new conditions, then, might be required to restart the reform process during the present onset stage?

Structural Preconditions

Economic decline. The island's precipitous economic decline of the post-1989 period leveled off by 1994, with an official GDP annual growth rate of 0.07 percent. Afterwards, the economy rebounded with official GDP annual growth rates at 7.8 percent for 1996 and 2.5 percent for 1997, with an official target having been set between 2.5 and 3.5 percent for 1998. Cuban authorities claim that the 1998 target can be achieved despite some adverse economic conditions that are anticipated this year.

There are scores of economic indicators for measuring the performance of the Cuban economy. For the sake of parsimony and manageability, however, these can be reduced to a lesser number of key indicators that will largely determine whether the targeted growth is achieved in 1998-99. Conversely, if these key indicators decline overall, such an adverse development could oblige the leadership to restart the reform process. These key indicators are as follows:

Size of sugar harvest. Sugar exports remain a principal generator of foreign exchange earnings for Cuba. The 1998 harvest was 3.2 million metric tons, well below the 4.25 million metric tons of last year, and even below the disastrous 3.3 million metric ton crop of 1995, the worst in over fifty years. This is likely to drag down the growth rate for 1998, reduce foreign exchange earnings substantially, put additional pressure on Cuba's already tight liquidity situation, and make foreign financing, essential to modernization of the sugar industry, that much more difficult and expensive (Cuba already is having to pay interest rates of upwards of 18 percent on its short-term loans).

World price of sugar. Although the price for Cuba's sugar exports is set in bilateral trade agreements with Russia, China, and other countries, the world market for sugar is a factor that contributes to that negotiated price. Because global sugar production is expected to rise in the year ending September 30, 1998, and world demand has fallen, prices for refined sugar dropped to a 10-year low in April 1998. Thus,

Cuba faces a depressed world market price for its sugar crop. This is certain to compound further the island's future economic difficulties by making the 1998 harvest that much less valuable both for negotiating new sugar export agreements and securing new international credits and loans.

Revenue from other export industries. Another important hard currency earner is nickel, which is expected to be up 5,000 tons from the 63,000 produced in 1997. Cigar production has soared from 100 million last year to an anticipated 160 million in 1998, worth \$280 million. Along with rising fish production, Cuban authorities maintain that the export earnings from these industries will help offset the loss in revenue from the 1998 sugar harvest. However, prices for nickel have fallen on the world market, while a further boom in the cigar industry depends on high priced Cuban cigars continuing to be the rage in this country and elsewhere.

Tourism. Tourism has been the Cuban economy's major success story, showing steady growth each year since the tourist industry was given highest priority by the government starting in the early 1990s. Cuba attracted 1.2 million foreign visitors in 1997, bringing in \$1.5 billion in gross earnings. Although the government has not revealed what its net earnings are from tourism, most foreign observers estimate that they are in the neighborhood of 33 percent of the gross figure. With tourism expected to grow by 20 percent in 1998, net earnings may thus partially offset the loss in foreign exchange caused by this year's disastrous sugar harvest. However, Cuba's tourist industry must compete with other Caribbean islands. It also remains sensitive to a number of developments that could dampen tourist visits; in recent years, these included Hurricane Lily and bombings of tourist facilities.

Remittances. While sugar exports and tourism are the major foreign exchange earning industries for Cuba, remittances from Cubans living abroad appear to be the largest single source of foreign exchange. An estimated \$600 million in remittances from Cuban exiles to relatives and friends on the island helped keep the Cuban economy afloat last year.⁴

⁴ Estimates have been as high as \$800 million, but the general consensus among Cuba watchers is that this is too high a figure. Although Cuban authorities have not released figures, Minister of the

While the moneys are used by individual Cubans to meet their own needs, much of the hard currency is eventually captured by the government as it circulates through the economy. Any curtailment in the flow of remittances would thus deliver a double blow to Cubans who depend on the remittances to get by, and to the island's economic system as a whole.

Foreign investments. Foreign investments have prevented Cuba's economy from collapsing following the severing of the Soviet lifeline at the beginning of the decade. According to a recent statement by Osvaldo Martínez, head of both the economic committee of Cuba's legislature and an economic-think tank, Cuba has received more than \$2.2 billion in foreign investment disbursements and pledges as of August 1998.⁴ As one analyst cautions, however, official Cuban information on foreign investments generally has been incomplete and unreliable. The result is that, once investment flows are disaggregated, the amount of actual new investment capital is usually substantially less than originally announced by the government.⁵

In any event, the bulk of investments have been in nickel mining, petroleum, tourism and tourist-related industries, where relatively quick returns are possible, and they have taken the form of equity swaps, joint ventures, contingency investments, management contracts, and other agreements that lower the exposure of foreign investors. In fact, the only 100-percent foreign-owned ventures so far have been mostly in warehouse operations in free-trade zones. Meanwhile, Cuba has so far failed to attract Western capital in the manufacturing and transportation areas. These are heavily capital intensive, require the modernization of the island's infrastructure as well as long-term pay-

Economy José Luis Rodríguez hinted to Jorge I. Domínguez last February that he was comfortable with the \$600 million figure.

⁴ "Cuba has received \$2.2 bln in foreign investment," Reuters, August 17, 1998.

⁵ The principal reason for this overstatement of actual equity flows is the Cuban practice of lumping expected multi-year disbursements into one initial sum, reporting contingency investments which may or may not be realized in the future, including contribution of assets rather than fresh investments, opting for risk contracts which entail less capital by the foreign investor, and swapping debt owed by the Cuban government for equity positions by foreign investors. See Jorge F. Pérez-López, "Foreign Investment in Socialist Cuba: Significance and Prospects," *Studies in Comparative International Development*, Winter 1996/97, Vol. 31, No. 4, pp. 3-28.

off periods, and will turn profits only if the United States opens its markets to Cuban products. Hence, until the embargo is lifted, foreign investments probably will be limited to helping keep the economy's head above water, as has been the case until now, instead of becoming a new, dynamic source of employment and modernizing capital.

Foreign exchange. Cuba continues to be mired in a foreign exchange crunch and resulting financing crisis. Together with the lower value of its sugar and nickel exports, Cuba's failure to make payments on its estimated \$12 billion in foreign debt has left foreign lending institutions loathe to give medium- and long-term credit to Cuba, while interest rates on short-term loans are in the high teens. A \$769 million debt rescheduling accord with Japan in March 1998 has not led to new international loans or further agreements with creditors. Meanwhile, the financing crisis deprives Cuba of the infusion of capital required to modernize key sectors of the economy. Hence, until the financial situation is dramatically improved, sustained economic growth is likely to continue to elude Cuba.

International interest rates. As noted above, Cuba is paying upwards of 18 percent on short-term loans as it is unable to obtain medium- and long-term credit at lower interest rates. The Asian economic crisis, along with newer crises in other emerging markets, are likely to keep interest rates high for less developed countries, such as Cuba, that continue to have struggling economies. Hence, Cuba's financial difficulties are likely to be compounded over the foreseeable future.

Implications. Judging from our current information about the above key indicators, the Cuban economy most probably will show little or no growth at all this year. A sharp decline or increase in GDP would seem the least likely outcomes. If the economy grows in the neighborhood of 2.5 percent per annum, the regime probably will be able to muddle through even though the standard of living in Cuba still will be far behind what it was in 1989.⁶ Combined with the regime's repressive apparatus, and the uncertainties regarding the future, a 2.5 percent

⁶ Even if Cuba's GDP were to grow at an annual growth rate of 4.0 percent starting in 1995, it would take until the year 2,005 before 1989 economic levels were restored.

growth rate would probably leave most Cubans with little incentive to take to the streets in protest. After all, they put up with an economy that was even more severely contracted during the early 1990s; indeed, they didn't join the rioters on the Havana waterfront in August 1994. If such a situation prevails, then the likelihood is that the regime would not initiate further reforms and stasis would remain the order of the day.

On the other hand, an economy that shows no growth or declines from one year to the next could spell trouble for the regime. Having experienced an early upturn in 1996, and a lesser one the following year, the rising expectations of Cubans that their situation was finally improving would surely be dashed as daily life once again deteriorated. At the very least, this could lead to a further withdrawal of mass support for the regime, including among heretofore hard-core followers. In the worst of cases, it could spawn spontaneous, anomic-type demonstrations and riots against the regime as occurred in 1993 and 1994, but perhaps on a wider scale. Hence, to head off either contingency, the regime might well introduce new economic reforms in the same manner that Raúl Castro announced the reopening of the farmers' markets in September 1994, following the Havana waterfront riots. Or it could decide against more liberal economic measures and instead increase repression to maintain itself in power.

Social decay. As the economy struggles, the government has sought to maintain its social compact with the populace by continuing to provide free public health and education, and a social safety net in terms of employment, basic food allotments and a retirement pension system. But the economic crisis of the past seven years has begun to shred the compact. Public health has declined for Cuban citizens not only because of the shortages of medicines and equipment due to the lack of hard-currency, but because of the government's decision to concentrate scarce resources in the field of medical tourism in order to attract wealthy foreigners. School enrollments reportedly have fallen as more and more students forego secondary and university education in order to work in the dollar economy. Unemployment and underemployment are high, cushioned primarily by the existence of the underground economy. Meanwhile, the ration card is even less sufficient than in the

past owing to severe shortages of basic foodstuffs, obliging Cubans to turn to the farmers' markets if they can.

While these developments in themselves are not directly indicative of social decay, they are reflective of the social anomie--or the perversion of values and norms--that has overtaken both the Cuban leadership and people, in their respective attempts to garner dollars and survive hard times. Thus, the regime sacrifices the health of its citizenry in order to woo foreigners to Cuba's special tourist hospitals and clinics. Individual Cubans put the immediate acquisition of dollars ahead of an education that would provide them with a professional career. Corruption has become more pervasive as police officials and CDR militants accept bribes, restaurant workers skim off food for their families and themselves, and workers pilfer goods from government warehouses to resell or barter on the black market.

Perhaps most symptomatic of the corruption of both state and society is the resurgence of rampant prostitution (driven by the need to obtain dollars) which has been spawned by sex tourism, one of Cuba's new growth industries. For their part, government authorities turn a blind-eye to sex tourism because it brings in needed dollars. One journalist thus observed that outside the Habana Libre hotel, "...I was struck by the fact that there seemed to be no attempt to zone prostitution, to restrict it to certain types of hotels or certain neighborhoods or otherwise hide it from view."⁷ What, then, are the key indicators of social decay that need to be tracked? Below are the ones that the workshop identified:

Migration. The U.S.-Cuban migration accords of 1994 and 1995 have greatly reduced illegal outmigration from the island to the United States. Still, it continues on a smaller scale as desperate Cubans in boats and rafts try to reach other nearby Caribbean islands. While such outmigration may largely be economically-motivated, this in itself reflects the island's continuing social disorder and decay in terms of a shortage of good jobs, unremitting hard times, a hopeless future for individuals and their families, etc. Thus, an upsurge in illegal outmigration would be a sign of a worsening internal situation, as was

⁷ Alma Guillermoprieto, "Love and Misery in Cuba," *The New York Review*, June 11, 1998, p. 10.

the case with the exponential rise in the number of rafters fleeing Cuba in the pre-1994 period. Another tell-tale sign would be a significant rise in the number of Cubans making application at the U.S. Interests Section for immigration to the United States.

Crime. The growing incidence of white-collar and felony crimes are signs of growing social decay. While official data regarding such acts may be dated, incomplete, or not forthcoming, the Cuban government's own efforts to stem crime--including, as is often the case, the launching of much publicized campaigns--would provide some inferential evidence of the extent of the crime problem. Most telling would be increased signs of disruptive as well as patently criminal behavior on the part of Cuban youth, since the former could have political as well as social implications.

Prostitution. As noted above, the dramatic rise in prostitution is sign of the corrosion of state and society. Because data on prostitution is not likely to be provided by the government, indicators of prostitution will probably remains anecdotal and impressionistic. Still, whatever evidence there is needs to be factored in since the blatant presence of prostitution erodes the regime's legitimacy among the more moral-minded sectors of the populace, including the regime's own followers.

Corruption. Corruption not only weakens the moral fiber of the regime, but also lessens its ability to control the populace since individuals are pursuing their own and not the state's interests. On the other hand, corruption also cushions some of the effects of the economic crisis, enabling Cubans to survive under conditions of extreme scarcity. As an indicator of social decay, corruption may be difficult to measure because, as in the case of prostitution and crime, the Cuban government is not likely to be forthcoming with reliable statistics. As a substitute, analysts may again have to rely on inferential-type evidence contained in anti-corruption government campaigns.

Declining safety net. The picture here is somewhat mixed. The government's policy of providing unemployment income at 60 percent of the worker's former wage is now an important part of its social compact with the people. This policy has helped dampen social tensions, particularly as unemployment income does not bar people from working in

the underground or informal economy. However, the rise in suicide rates, the deterioration of public health services, food rations, housing, and the decreased value of wages, unemployment benefits, and pensions in a dollarized economy, all point to a declining social safety net for the Cuban people. Along with unemployment income, many of these trends may be quantifiable over time, as in the case of public health and housing statistics, and the exchange level of the peso relative to the dollar.

Unemployment. Of the social decay indicators, a significant rise in unemployment is the most likely to translate into rising social tensions which could lead to political instability. As noted above, unemployment income does cushion the effects of joblessness, and can even serve as a disincentive to find further work in the legalized sector of the economy. The problem is that the unemployed receive but 60 percent of their former wage and it is in the form of devalued pesos, which leave unemployed workers at a distinct disadvantage in a largely dollar-driven economy. Any large influx of newly laid off workers, in turn, would prove difficult for the economy to absorb, particularly as the legalized self-employed sector of the economy remains underdeveloped. That the regime is sensitive to this issue is evidenced by the government's postponement over the past three years of its decision to lay-off or relocate some 500,000 workers in inefficient state enterprises. Hence, signs of renewed lay-offs and rising unemployment rolls need to be monitored closely.

Implications. Social decay by itself may not cause the Castro regime to fall, but it weakens the regime by depriving the state of its moral authority and legitimacy in the eyes of the people. This is all the more likely to be true in the Cuban case because of Fidel Castro's repeated claim to providing social justice for the poor, and to upholding the values and principles of revolutionary virtue--which a few decades ago included ridding Cuba of prostitution, corruption, and the quest for the almighty dollar, once and for all.

Technological security gap. Cuba cannot pretend to rival the United States or other world powers in the area of advanced military technology. This is all the more obvious during the last seven years of extreme economic retrenchment. But what is important to the Castro

government, and especially to the FAR, is that the military be able to respond effectively to such low-level threats as those posed by exile overflights into Cuban air space or exile sea-borne incursions. Despite the degradation and reduced serviceability of its major conventional weapons systems, thus far the FAR has been able to cope with such low-level threats.

Still, it is reasonable to assume that military officers may be concerned over Cuba's deteriorated order of battle, unhappy that the FAR's military mission and previous combat exploits abroad have been replaced by domestic economic endeavors, and critical of the FAR's capabilities and performance in defending the country and state against foreign threats. The trouble is, however, that at present there exist few open indicators of FAR thinking--save for a public speech by Raúl Castro or another senior general printed in *Granma*--because unclassified military journals like *Verde Olivo* ceased publication years ago. Nevertheless, there may be ways to get around this problem.

FAR internal reports. More reliable data consists of reports of the FAR's annual military councils. These reports contain assessments of the FAR's performance and set-out tasks and programs for the coming year. They should prove indicative of the FAR's principal concerns, including whether senior military officers are becoming worried over Cuba's technological-security slippage and prospects for procurement of armaments from alternative suppliers, such as China.

Other indicators of current military thinking. Speeches by Raúl Castro and FAR generals, including those heading military academies, could provide further indications of FAR priorities and concerns.

Implications. The FAR is the founding institution of the revolution, pre-dating the formation of the Communist Party by six years, and has a proud history as a professional army that distinguished itself in the Angolan and Eritrean campaigns of the 1970s and 1980s. While it has assumed a direct and important role in the economy in recent years, senior and middle-ranking officers may be chafing over the FAR's decline as a professional military force. Apart from its role as an economic actor, the FAR thus has a purely military stake in Cuba ultimately achieving the sustained economic growth needed to begin modernizing Cuba's obsolescent and increasingly inoperational equipment.

As with the Soviet, Chinese, and Vietnamese militaries, therefore, the Cuban military's own self-interest should make it a force for economic reform.

Increasing information flows. The last environmental pressure that the Cuban regime must contend with is that of growing information flows. Prior to 1991, Cuba's relative isolation--both as an island and as a sealed-off communist state--enabled the government essentially to exercise a monopoly over the type of political information that its citizens read or heard. Radio Martí was the primary exception, but its broadcasts were not heard throughout the island, while its political message may have fallen on deaf ears, including among those Cubans who felt saturated by decades of government propaganda. The collapse of communism worldwide, however, soon led to increased, less controllable information flows reaching the Cuban population as the regime was forced to open up the island. Since 1991, Cubans increasingly have been exposed to Western investors, academics, technical advisors, clergymen, and tourists, and to new information links to the world.

The new sources of information have given individual Cubans a new perspective not only of the outside world, but also of their own rights and expectations as Cuban citizens. This was most dramatically shown by the visit of Pope John Paul II in January 1998, when his politically charged message, "*no tengas miedo*" (do not have fear), reverberated among his Cuban audiences, emboldening them to cheer his calls for "*libertad*," while remaining silent when he referred to Castro and his government. The following are indicators of increased information flows:

Radio and telephone. In addition to Radio Martí, Miami and other Florida-based commercial stations can be heard on medium- or short-wave radio bands in different parts of the island. They help to provide islanders with an alternative view of the external world, including the abundance of consumer goods not found in Cuba. But more important than U.S.-based radio, whose news information and analysis may be considered suspect, are Cuba's increased telephone links to the United States.

In November 1994, direct telephone service between the two countries was significantly expanded and upgraded, from 120 to 700 telephone circuits. Although not a new information technology, the

increased telephone lines greatly facilitated communication between Cuban exiles and their relatives and friends in Cuba. Most important, because it consists of direct, one-on-one personal communication between family and friends, the telephone provides precisely the kind of information that Cubans on the island consider more earnest and believable than the broadcasts from Radio Havana, Radio Martí, or Miami radio. Hence, the growing volume of private telephone calls between the two countries needs to be factored into Cuba's change equation.

Foreign visitors. Roughly 1.8 million tourists from Canada, Spain, Italy, Mexico, and other Western countries are expected to visit Cuba during 1998. While many vacation in Cuba's new enclave-type destination resorts, or are primarily sex-tourists, others actively mingle and communicate with ordinary Cubans. Perhaps more important are visiting foreign businessmen, technical advisors, specialized instructors, academics, students, and representatives of NGOs from the West. At a minimum, their interactions with Cubans expose the latter--particularly young Cubans--to alternative ideas and ways of thinking. This may be particularly true of the interface between Western NGOs and their Cuban counterparts, including GONGOS ("government-organized non-governmental organizations"), since the former are non-profit organizations and genuinely independent of a government. Increased people-to-people flows thus add to the pressures for change in Cuba.

Exile visitations. As with their telephone calls, the visits made by Cuban exiles constitute a potent source for change. More so than with the ordinary tourist or foreign visitor, exile visitations are less controllable because Cuban exiles generally stay in the homes of relatives and friends, and engage in a level of intimate, personal conversation denied to most foreign visitors. That the regime puts up with the exile visitations, given the political risks involved, is principally due to the government's dire need for dollars.

Intellectual exchanges. As noted above, visiting Western academics and intellectuals constitute a force for change, but so do the exchange visits by Cubans to Canada, Spain, the United States, and other Western countries. Exchanges expose Cuban intellectuals, scientists, doctors, economists, enterprise managers, and students, to Western values and the workings of democratic capitalist societies. Were such exchanges to

increase significantly in number, they could serve as a powerful source for internal criticism and change in Cuba, much like the 70,000 Chinese students studying in the United States and other Western countries at the time of the Democracy Movement and Tiananmen Square. This is probably one reason why the Cuban government hasn't entered into more exchange agreements with the West.

Implications. As was vividly demonstrated by the Pope's visit, increased information and people-to-people flows from the West have made Cuban society far more permeable to outside influences than was the case just a decade ago. This presents Castro and his government with the so-called "dictator's dilemma": if Cuba is ultimately to resolve its economic crisis, it must integrate the island into the world economy and community far more than the regime has permitted thus far, but this increases the risks to the regime's lock on power. Hence, if the economy stagnates or declines over the next year or so, and the regime enacts new liberalizing measures to jump-start the moribund economy, information flows are certain to increase and intensify the pressures for still further change.

Change Accelerators

As with other former or existing communist countries, Cuba's government not only must contend with the above underlying structural conditions for system change. It must also cope with change accelerators--internal and external forces that exert new, often sudden and intense pressures for change, thereby precipitating system reform or breakdown and collapse, depending on the regime's policy response. In Cuba's case, there are three generic types of change accelerators that the regime may need to deal with at present and in the future.

External shocks. These usually constitute events or outcomes that impose sudden or unanticipated strains on the system to the point of sometimes shaking the confidence of the leadership. The most traumatic of such shocks for the Cuba leadership was, of course, the fall of the Soviet Union. The following are examples of other potential external shocks.

Drop in commodity prices. The drop in the world price of sugar earlier this year, along with the fall in nickel prices, constitute adverse developments that have set back the leadership's economic

calculations for 1998. Along with the calamitous level of this year's sugar harvest, these developments may lower the earlier projected growth rate to below 2.5 percent for 1998. The drop could be further still if there were a rise in the price of Cuba's oil imports. A new economic downturn would lead to lower imports and a new round of belt-tightening for ordinary Cubans.

Natural disasters. Hurricane Lily damaged the island's sugar cane and other crops, caused considerable material destruction, and set back the economy. To its credit, the government has a reputation for responding rapidly and effectively to natural disasters of this sort. Still, another major hurricane, heavy rains, or prolonged draught conditions, could deliver a serious body blow to the island's fragile economy which has little capacity to absorb another natural disaster.

An end to the U.S. embargo. Although it is not likely to happen unless the Castro government embarks upon democratic change in Cuba, which itself is not likely to occur, the lifting of the U.S. embargo would present the government with welcome gains, but also with a host of new problems. On the economic side, the embargo's lifting would lead to a much needed infusion of U.S. capital and tourist dollars, and open up new loans and credits from Western Europe. Politically, on the other hand, it would deprive Castro of an external scapegoat for the island's economic problems and an external enemy--"imperialism"--by which to try to mobilize already waning support among the Cuban people. It could also increase the government's control problems as American capital, tourists, and values began to flood the island, although the regime would most surely try to render the situation manageable by restricting the American presence.

A new U.S. president. In contrast to lifting the embargo, the election of a hard-line president in the year 2000 could pose a different set of problems for the Castro government. Ronald Reagan's presidency caused Cuban foreign policy setbacks in Granada and Central America, forced new levels of defense expenditures, and ultimately contributed to the downfall of Cuba's international patron. A new U.S. president, however, need not have to take the Reagan approach still to cause problems for the regime. He could assume a more proactive policy toward Cuba than has President Clinton by embarking upon a more public

diplomacy campaign designed to put Castro on the defensive at home and abroad, and by leaning more heavily on Canada and Western Europe to make further loans and investments in Cuba conditional on opening up the polity and economy, and promoting human rights.

Acts by the exiled community. Although the Cuban government and its security forces almost invariably have outwitted its most ardent foes across the Florida Straits, the regime sometimes miscalculates and makes costly mistakes. This occurred with the deliberate shooting down of the two unarmed Cessna planes flown by Brothers to the Rescue on February 24, 1996, which led to two (apparently) unintended consequences--the passage of the Helms-Burton Bill that had been stalled in Congress, and condemnation of Cuba by the international community. A similar miscalculation over a provocative act by exiles could cause another public relations problem for Cuba. This would be the case, for example, were there to be a rash of new bombings in Havana and the government responded with heavy-handed measures which were captured by CNN and the Western media and which, in turn, would lead to fewer tourists visiting the island.

Renewed international isolation. Although Cuba is presently enjoying a diplomatic offensive following the visits of the Pope and other Western leaders, it could falter and once again become the target of international outrage. Under conditions of renewed economic decline and rising social tensions, for example, the regime could commit a new atrocity. This happened with the July 13, 1994 ramming and sinking of a freighter that had been seized by Cubans in Havana harbor, which led to the death of 40 people. Although the regime presumably has learned from such incidents, it also has a history of using heavy-handed repression when tensions have run high and its authority appeared to be threatened.

Implications. As has happened over the past decade, Cuba is likely to be buffeted by new, perhaps unexpected, external shocks. These are not likely to be as threatening as was the disappearance of the Soviet Union in 1991, but they nevertheless could intensify the stresses acting on the Cuban government and people.

New threatening technological advances. With Cuba's increasing integration into the world economy has come the information revolution. In October 1996, Cuba was connected to the Internet. With that

connection the regime was confronted with a dilemma that faces all post-totalitarian states: how to control or limit the new technology so as to minimize its potential for empowering society against the all powerful state, yet reap the economic benefits that come with increased connectivity to the capitalist world.

The new technologies associated with the information revolution pose a threat to governments like those of Cuba because they enable individuals and groups to engage in not only one-to-one communication as with the telephone, but also one-to-many communications as with the radio and, perhaps most threatening of all, many-to-many communications, all in real time, all interactive, and all potentially without government supervision. So far, the Castro government has succeeded in managing this problem by limiting access to computers to government recognized institutions and organizations, establishing gate-keepers for distributing and monitoring e-mail, restricting phone lines, and using other control mechanisms. Hence, the regime has been able to avoid the destabilizing effects that the information revolution had in the former Soviet Union and China. Moreover, it has used the Internet to launch a propaganda offensive to the outside world, so that more information is now leaving Cuba than is getting in.

Still, the regime's penchant for centralized control and restrictions on the usage of the Internet and other information technologies may conflict with economic priorities, particularly the need to attract additional foreign investors and make Cuba more competitive both in business and applied medical research. If the dilemma is resolved in favor of loosening controls and securing more advanced information technologies, then the information revolution could become a more potent accelerator for change. Some key indicators to look for are:

Internal debates. As when Cuba's connection to the Internet was preceded by several months of public debate over the pros and cons of the issue, *Granma* and other publications may provide early indications of possible impending policy changes regarding Cuba's connectivity to the outside world, general access to computers, modems, printers, and so forth.

New technologies. Cuba's acquisition of new technologies, particularly the turn to cellular or the more advanced PCI phone systems to leapfrog the island's antiquated phone system (which itself is currently being upgraded), would mark a major step toward a more dispersed, less centralized, less controlled system of communication.

Implications. Cuba has yet to experience the destabilizing effects of the information revolution that occurred in the Soviet and Chinese cases. Indeed, the Castro government has learned from those cases and has thus far avoided their pitfalls. Yet, if the government finds that it must obtain more advanced forms of information technology and loosen up its controls, then the information revolution is likely to help hasten change in Cuba.

Signs of regime weakness. Cuban society has changed considerably over the past eight years as the state has been weakened following the disappearance of the Soviet Union. A nascent civil society has begun to emerge, with the Catholic Church and its international relief organization, Caritas, in the forefront of the new, more autonomous societal actors. Dissidents, human rights activists, independent journalists and labor leaders, also have appeared and challenged the regime. Though harassed, jailed, and/or exiled, others arise to take their place. Meanwhile, the population as a whole waits and watches for any sign of weakness on the part of the regime in dealing with these forces. Such weakness would not only embolden the opposition to push harder for political and economic changes, but also could trigger "a run on the bank" by other disgruntled sectors of society who would abandon if not turn against the government.

For this reason, the regime has time and again demonstrated that it has the capacity to control the streets. This was most evident in the Havana waterfront riots of 1994, when the government rushed in highly trained State Security and police personnel, and the Blas Roca Rapid Reaction Brigade, to quickly restore order before onlookers and bystanders joined the rioters. Still, the following are indicators of regime weakness that need to be monitored closely.

Dealing with emerging civil society actors. The Pope's visit to Cuba earned the regime high marks in the court of world public opinion. It also demonstrated the regime's strength in showing that it could both

manage and survive the visit in which the Pope and Church were given considerable latitude. Nevertheless, the visit was also indicative of the regime's loss of power and authority because, unlike in the past, Castro and his regime needed the Pope's legitimation and the Cuban Catholic Church's intermediary role between state and society. It thus was forced to bargain with the Vatican and the Church. For some Cuban communists, the fact that Fidel Castro wore a business suit in Cuba for the first time since 1959 was a disturbing sign of subservience to the Pope.

Since then, the regime has taken back some of the political space that it had relinquished to the Church. The government thus continues to impose onerous controls on Caritas and other Catholic social services despite pleas from Church and lay officials. It shows no inclination to cede ground to the Church or other emerging civil society actors.⁸ Whether the Church and these other entities have been sufficiently emboldened by the Pope's visit to continue resisting renewed encroachments by the state remains to be seen. The government's future steps--or missteps--in this regard also bear close watching.

Dealing with popular disturbances. Over the past four years, the regime has not had to contend the kind of popular disturbances that marked 1994. This has been due to the immigration accords, the modest improvement in economic conditions, and the government's crackdown on *Concilio Cubano* and individual dissidents and human rights activists.

However, Cuba still remains in a situation akin to spontaneous combustion whereby a further drop in living standards, or an incident involving police brutality, could spark demonstrations or anomic rioting. How the government responds could well determine whether the internal disturbances intensify and spread, are quickly brought under control, or die out.

Dealing with criticisms by intellectuals. Cuba has yet to see the emergence of a Solzhenitzyn or Sakaharov. So far, most Cuban intellectuals in the literary and scientific community have not voiced public criticisms of Fidel Castro and his regime. Those that have done so have been jailed and/or forced into exile. However, a perpetuation

⁸See Tim Golden, "After a Lift, Cuban Church Has a Letdown," *The New York Times*, September 13, 1998, pp. 1, 6.

of the status quo, particularly one in which the internal political and economic situation worsens, could conceivably lead to at least some intellectuals publicly breaking ranks with the regime. Whether they are purged as an abject lesson to other potential intellectual critics may hinge on whether the regime calculates that it can do without their services and that it can ride out international condemnation. On the other hand, if the regime decides to tolerate their criticisms or to mete out relatively mild punishment (as occurred with the reformist economists after Raúl Castro March 26, 1996 speech), then it may find itself under attack from more intellectuals.

Implications. Unlike most of its former communist brethren, the Castro regime has thus far not wavered in responding with whatever level of repression has been necessary to quash demonstrations, riots, and individual critics and dissident organizations like *Concilio Cubano*. On the other hand, it has had to show the silk glove and negotiate with the Vatican, the Cuban Catholic Church, and Caritas. Which path the regime will take in the future depends not only upon the actions of opposition circles and civil society actors, but also on the perceptions, interests and calculations of Castro and the rest of the Cuban leadership.

Leadership and Policy Responses

Neither the structural preconditions nor the change accelerators are sufficient to bring about change. Ultimately, it is the leadership and its policy responses to the preconditions and accelerators that determine whether there will be reform and system change or breakdown.

In this respect, what distinguishes Cuba from the other communist states is that the "great leader," the charismatic, founding father of the revolution, is still very much present and ultimately has the last say on all major policy questions. Hence, as long as Fidel Castro is around, little in the way of real system change can be expected because such a change would signify a complete negation of everything for which he has stood for and tried to advance. As a result, Castro has allowed only small course changes that were necessary to save Cuba's ship of

state during the most critical period of the crisis, and since 1994 there have been only a few minor adjustments.⁹

The regime's "market-Leninist" formula for the economy and polity remains much more Leninist than market-driven. Cuba thus remains stuck in the onset stage of change, with little sign that it will deepen reforms, much less enter the stage of sustained change leading to a new system.

Were Castro to depart the scene, however, then the equation would be altered dramatically because the most critical condition for system change in communist societies is the demise of the great leader. Thus, once he no longer occupies center stage, we can anticipate that a post-Castro government in Cuba will begin to move from strict regime maintenance to regime change because his absence would create a succession crisis and introduce a new dynamic as leaders vie for power. Thus, as occurred in China and the former Soviet Union, reformers like a Deng Xiao Ping or Gorbachev will be able to contest their more orthodox opponents with only the legacy--not the person--of the great leader standing in their way. This does not in itself mean that reformers will always succeed a Mao, a Stalin, or a Castro. It does mean that the possibilities for charting a new course in Cuba would be much greater than would be the case were Castro still around.

In this regard, as noted earlier in the conceptual discussion of the framework, certain conditions would need to be present for a reformist course to take hold in a Cuba without Fidel:

- The consolation of power by a liberalizing leader--perhaps Raúl Castro, Ricardo Alarcón, Carlos Lage, General Ulises Rosales del Toro, or some other at present less prominent leader--along with his reformist coalition;
- A general recognition by the leadership that adverse trends, if not arrested or reversed, could well threaten their collective hold on power;
- A general consensus within the leadership that long-standing policies are no longer adequate;

⁹See Edward Gonzalez, *Cuba: Clearing Perilous Waters?* Santa Monica, Calif.: RAND, MR-673-OSD, 1996.

- The support or neutrality of the security forces, particularly the Revolutionary Armed Forces.

Even with these conditions present, a commitment to radical change by the new leadership is not likely to be immediately visible because of the need to honor and preserve "Fidel's legacy" in order to disarm the more orthodox, hard-line opponents. Hence, as occurred in other communist transitions, any reformist agenda will be concealed under a more moderate public program.

Still, there are several early warning indicators of deeper reforms and system change in the offing:

A shift in the institutional balance of forces. The Communist Party of Cuba itself might take up the banner of reform, but such a role could prove difficult for the PCC if there remains a large bloc of recalcitrant old-guard leaders entrenched in the Central Committee and Political Bureau. In such a situation, the reform banner could pass to the FAR, which has always enjoyed considerable institutional clout and prestige while also running economic enterprises over the past decade. The reformist agenda could also be taken up by the National Assembly, particularly if the body becomes a major source of institutional support for Ricardo Alarcón.

The emergence of new second-tier leaders. While the likes of Raúl Castro, Ricardo Alarcón, and other high-level leaders probably will remain at the top, new faces are likely to emerge in important second-tier positions in the party and government. This would be a sign that a new reformist coalition was forming.

The growth in factionalism. Factionalism in Cuba was most intense and openly visible between 1959 and the mid-1960s, when different factions or tendencies within the new regime were struggling for power and a determining voice in the future course of the revolution. Fidel's departure is virtually certain to be followed by new elite cleavages emerging between factions tied to different personalities and policy positions. As was the case in 1959 and the early 1960s, their positions are also likely to be reflected in *Granma*, *Trabajadores*, and other periodical and media outlets.

The growth in policy debates. The growth in factionalism is also likely to be accompanied by more open policy debates between reformist,

moderate, and hard-line tendencies, and their respective leaders and spokespersons, as they vie for both intra-elite and popular support. Even if the major debates are held within the PCC Central Committee, they are likely to get out to both foreign and domestic audiences. The policy debates could also see a new "national project" being proposed.

The rise of collective leadership. Fidel Castro's passing from the scene will leave a leadership vacuum that is not likely to be filled by any one single successor. Raúl Castro, Ricardo Alarcón, Carlos Lage, and any other individual surely will have to share power. This would probably manifest itself in formal designations in which, for example, Raúl would head the Party, Alarcón would become President, and Lage would run the government as head of the Council of Ministers. Or, less likely, it could take the form of informal arrangements in which a division of labor among leaders is understood and practiced. Whatever its form, the rise of collective leadership could signify that a "grand coalition" of leaders, factions, and institutions is ready to push through deeper reforms--or, conversely, that the government is at a virtual stalemate and the future of reforms is in doubt.

Changes in the constitution. A major step in the deepening of the reform process would be the enactment of changes in the 1976 constitution. Some presumably would focus on the establishment of new state and government organs and offices, which might not necessarily be indicative of liberalization. The more significant bellwether of liberalizing change would be the codification of property and individual rights that would offer greater protection to foreigners and citizens alike against arbitrary rule by the state. Of all the early warning indicators, however, such constitutional changes probably would not be seen during the onset stage of change, but would need to await Cuba's entry into the sustaining stage of communist transition.

Implications. The presence of the above indicators would provide strong evidence that real change under the new post-Castro leadership was finally underway. However, change in the onset stage of reform still remains reversible. Whether or not the reforms are deepened and sustained would depend on a host of factors. Hence, we need to move out of the onset stage and into the next sustaining stage in communist-style transitions.

THE SUSTAINING STAGE OF CHANGE IN A CUBA AFTER CASTRO

As with other communist cases, for the process of change in a Cuba after Castro, to be deepened and sustained would require several favorable conditions. In the absence of most of these conditions the successor regime would probably founder and break down, as occurred with the Soviet Union and the East European states. Because the sustaining stage is a more distant future stage of change in Cuba, these conditions are highlighted briefly below.

Initial Success of the New Reforms

For the reformist leadership to survive and ensure its agenda, it must quickly succeed in slowing down or reversing adverse trends. For Cuba, this requires most of all succeeding in the economic arena--meaning improving sugar harvests and food crop production, revitalizing the domestic private sector, and securing new foreign investments and credits in key industries, including infrastructure development. Gross domestic product needs to grow at a sustained high rate so as to silence criticism from more conservative quarters.

Success at the Popular Level

The success of the new reformist policies need to be reflected in more than improved GDP figures. It must be manifested in improved living standards for most of the Cuban people, including not only workers, farmers, and party and government cadres, but also the newly emerging middle and upper class of private entrepreneurs. Cuban youth and intellectuals need to be given a stake in seeing the deepening of the reform process through greater freedom of expression and individual liberties.

Consolidation of Power by the Reformers

The reformist bloc will need to fully consolidate its position, which probably will require it to engage in less than liberal democratic practices in order to remove hard-line opponents from the party, government, and security forces. Here, the support of the FAR could prove decisive in the final consolidation process, particularly if elements in the Ministry of Interior--as expected--are aligned with the conservatives.

Growing Engagement With the Capitalist World

The lifting of the U.S. embargo, the economic participation of the Cuban exile community, and the extension of development assistance and credits from international organizations, are all critical if the reform process is to be deepened and sustained. Changing U.S. policy, of course, could prove difficult if Raúl Castro, Ricardo Alarcón, and others closely identified with the present regime, head the new government. Nevertheless, the expected infusion of U.S. capital and technology alone, along with increased information and people-to-people flows that would accompany the embargo's lifting, would give a needed boost to the economy, strengthen civil society forces, and confer success and legitimacy on the reformist camp.

A Benign External Environment

Differences between the new Cuba and the United States are certain to persist, including on such contentious issues as compensation for confiscated U.S. properties. But a significant easing of tensions between the two countries would have the effect of reducing both internal and external security concerns within the Cuban leadership, which in turn would lessen the influence of the Ministry of Interior. A more relaxed atmosphere would make the FAR more inclined to support further reforms, and create conditions conducive to greater political tolerance and liberalization.

Accrual of Benefits to the FAR

Because the FAR would remain a pivotal institution in the new Cuba, if not the most important one, the military must see gains from the reform process continuing and deepening. Institutionally, the benefits would accrue not only from a more dynamic economy that is able to better pay for the modernization of the FAR's order of battle, and for improved living standards for armed forces personnel. They would also stem from the new military-to-military contacts that the FAR could be able to develop with the West, including the United States.

Successful Management of Social Tensions

As has occurred in China and most post-communist societies, an increasingly market-driven economy will give rise to new social

dislocations and strains, ranging from laid off workers in scaled down or closed state enterprises, to a new class of wealthy entrepreneurs whose very presence visibly accentuates the gap between rich and poor. If left unaddressed, these social problems will deprive the reformist government of critical popular support and open it up to attacks from hard-liners and others opposed to the reform agenda. At least during the initial transition period, the government will thus need to salvage some elements of Cuba's present social safety-net in order to alleviate social tensions, even while it tries to promote greater self-reliance and individual initiative in a more marketized economy.

Justifying Reform Through a New National Project

During the onset stage, reformers may begin to justify their agenda by announcing a new "national project." Alternatively, such a project will be unveiled in the later, sustaining stage of reform. Whenever it occurs, the reformist leadership may discover that such a national project is difficult to identify and articulate because neither pre-1959 Cuba nor the past decades of Fidel Castro's rule provide attractive models or legitimacy for the project. Still, the project might be promoted on the basis of returning to the original intent and aspirations of the Cuban revolution during the first months of 1959, and/or by resurrecting the ideals of José Martí. In any event, whatever national project is ultimately advanced will need to incorporate the theme of national reconciliation in order to begin healing the wounds caused by nearly four decades of communism and personalistic as well as party dictatorship. This will surely prove difficult for the present crop of leaders.

Concluding Observations Regarding the Sustaining Stage

From the above it is clear that a communist reformist leadership will have a difficult path ahead in sustaining and deepening the reform process even under the best of circumstances. Poor leadership and policy miscalculations on the part of the new Cuban government, along with such uncontrolled external variables as the U.S. and international policy responses, could lead to the reformist communist government's undoing and perhaps to a worse outcome for Cuba and its neighbors.

These outcomes could include the collapse and discrediting of reform and a reversion to a worse form of authoritarianism.

V. FINAL OBSERVATIONS

The workshop provided a set of initial guidelines and assumptions for thinking about systemic change in Cuba. Far from conclusive, the ideas advanced at the workshop amount to a first step in conceptualizing the different transition paths from communism that have taken place and abstracting from them the potential lessons for Cuba.

A number of ideas come to mind as potential further avenues for research. First, it would be useful to subject the specific categories outlined during the workshop (pre-conditions, accelerators, and leadership) to a more detailed analysis by country experts to test for their applicability. For example, case studies of Chinese, Soviet, Vietnamese, and perhaps East European transitions, based on the conceptual outlines provided here would illustrate better the presence and importance of the categories but also illuminate regime responses to the problems encountered during the transition.

Second, the methodological accuracy of the categories and indicators advanced during the workshop would be enhanced by a more precise definition of the threshold of change in comparative situations. For example, based on the accelerators identified, what level will they have to reach in order for systemic change to be made more likely?

Third, the concepts outlined during the workshop could be applied to Cuba in a comprehensive fashion. For example, the pre-conditions or accelerators would be worked out in detail and updated periodically, so as to track change and potential for systemic transformation in Cuba.

Most of all, the workshop organizers hope that the ideas presented here lead to more extensive discussions and further work on the topic in academic and policy circles. Undoubtedly, the Cuban regime has engaged in its own "lessons learned" analysis from the other transitions and has tried to adjust its policies accordingly. U.S. policy interests too would be served by more extensive attention to the topic.

APPENDIX 1: WORKSHOP AGENDA

Wednesday, May 6, 1998

- 8:30-9:00 Welcome and Introductions
- 9:00-12:00 Session I: Case Studies of Other Transitions Away
from Communism
- European cases
 - Eastern Europe: Northern Tier
 - Eastern Europe: Southern Tier
 - USSR
 - Discussion of European Cases
 - Asian cases
 - China
 - Vietnam
 - Discussion of Asian Cases
 - General Discussion
- 12:15-13:30 Lunch
- 13:30-17:00 Session II: A Transition Framework
- Building a Matrix
 - Commonalties and Patterns

Thursday, May 7, 1998

- 8:30-9:00 Review of Framework
- 9:00-12:00 Session III: Applying the Framework to Cuba: Pre-
Conditions and Accelerators of Change
- General Discussion
- 12:15-13:30 Lunch
- 13:30-16:00 Session III: Applying the Framework to Cuba: Patterns
and Indicators
- Potential Cuban Transition Paths
 - Indicators of Transition Paths
- 16:00-17:00 Final Observations and Conclusions

APPENDIX 2: LIST OF WORKSHOP PARTICIPANTS

Jorge I. Dominguez, Harvard University
Edward Gonzalez, RAND
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Eusebio Mujal-Leon, Georgetown University
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